

288107

JPRS-EEI-85-068

26 August 1985

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

DTIC QUALITY INSPECTED 2

DISTRIBUTION STATEMENT A

Approved for public release;
Distribution Unlimited

19980302 049

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

6
110
A06

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

26 August 1985

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

CONTENTS

INTERNATIONAL AFFAIRS

Soviet Ambassador Grekov Dwells on Economic Problems (Leonid Grekov Interview; POGLED, 1 Jul 85)	1
Bucharest-Based Chemical Fiber Unit Promotes CEMA Cooperation (George Comanici; REVISTA ECONOMICA, 5 Jul 85)	8

BULGARIA

Aspects of Production Quality, Prices Examined (EKONOMICHESKI ZHIVOT, 3 Jul 85)	14
Omissions in Canning Industry	14
Quality and Price Control, by Gospodin Kortsanov	16
Disorganization, Weaknesses in Domestic Trade Exposed (STURSHEL, 5 Jul 85)	20
Garbage Removal Criticized	20
'Objective Reasons' Deplored, by Chavdar Shinov	21
Poor Plywood Quality, by Dobrin Dobrev	23
Consumer Spare Parts, by Nayden Iliev	24
Better Quality of Industrial Production Urged (Editorial; RABOTNICHESKO DELO, 18 Jul 85)	27

CZECHOSLOVAKIA

CSSR-USSR Long-Term Economic, R&D Cooperating Outlined (Rudolf Rohlicek; HOSPODARSKE NOVINY, No 23, 1985)	30
Problems in Logging Slovak Forests (Stefan Korpel; NOVE SLOVO, 11 Jul 85)	36

GERMAN DEMOCRATIC REPUBLIC

1984 Grain Production Factors Provide Estimate for 1985 Yield (FELDWIRTSCHAFT, No 6, 1985)	40
---	----

HUNGARY

Production Taxes on TSZ Ancillary Activity Too High (NEPSZABADSAG, 23 Jul 85)	43
Ganz Plant Plea for Independence Denied (Kristof G. Kocsis; MAGYAR HIRLAP, 5 Jul 85)	44
Fodder Distribution System Deemed Unsatisfactory (Lajos Laszlo; FIGYELO, 11 Jul 85)	48

POLAND

Planner Defends CEMA Cooperative Policy (Stanislaw Dlugosz Interview; RZECZPOSPOLITA, 25 Jul 85)	52
Minister Outlines Future Reform Plans (Wladyslaw Baka Interview; RZECZPOSPOLITA, 30 Jul 85)	56
Debt Rescheduling Agreement Assessed (Jacek Poprzeczko; POLITYKA, 27 Jul 85)	59
Raw Material, Energy Prospects (Andrzej Zmuda; ZYCIE WARSZAWY, 9 Jul 85)	62
UN Expert Valuates North-South Highway Project (Jean Duquesne Interview; GLOS WYBRZEZA, 5 Jul 85) ..	67
Investment Plan Criticized as Inadequate (Stefan Sokulski; SLOWO POWSZECHNE, 9 Jul 85)	69
Planning Official Answers Economist (RZECZPOSPOLITA, 27-28 Jul 85)	73
Economic Council Critiques Plan Variant (RZECZPOSPOLITA, 3 Jul 85)	75
Officials Meet With Foreign Trade Reps (TRYBUNA LUDU, 11, 17 Jun 85; ZYCIE WARSZAWY, 12 Jun 85)	77
British, West Germans Assess Trade	77
Trade Talks in Poznan	78
Trade With Iran Probed	80

Geologists Complain Ministers Ignore Input on Mineral Resources	
(Jan Kostecki; ZYCIE GOSPODARCZE, 7 Jul 85)	81
Auto Industry Exports Up	
(RZECZPOSPOLITA, 29 Jul 85)	83
Briefs	
Polish-Finnish Trade	85
Barcikowski Chairs Economic Meeting	85
Michalek Chairs Economic Meeting	85

ROMANIA

Role of Coal as Energy Base of Country	
(STIINTA SI TECHNICA, June 85)	86
Prospects for Future Reserves, by A. Hinculov	86
Training Workers for the Mines, by Constantin Spataru	89
Technical Progress in Mines, by Gheorghe Giuclea	91

YUGOSLAVIA

Associated Labor Discussed in Federal Council for Social Order	
(Vinko Kastelic Interview; EKONOMSKA POLITIKA, 8 Jul 85)	94
Politically Appointed Managers Called 'Flaw' in Self-Management	
(Editorial Report)	103
Changes in Foreign Exchange Allocation for 1985	
(SLUZBENI LIST SFRJ, 12 Jul 85)	105

INTERNATIONAL AFFAIRS

SOVIET AMBASSADOR GREKOV DWELLS ON ECONOMIC PROBLEMS

Sofia POGLED in Bulgarian 1 Jul 85 pp 1, 8-9

[Interview granted to POGLED by Soviet Ambassador to Bulgaria Leonid Grekov: "New Way of Thinking for the New Times"]

[Text] High trust between our two peoples. The roots of Bulgarian-Soviet friendship are deep and strong but the tree must be watered and fertilized in order to yield good fruit. Trade with the Soviet Union is 12 billion rubles per year. For Bulgaria this is simply an exploit.

The flow of world events is rich and tempestuous. The planet is struggling and fighting, creating and worrying. The speeches by Mikhail Gorbachev, delivered at different places and to different audiences, have assumed a particular position in this flow recently. What led even the Western press to characterize their significance as the start of a new stage in political thinking and economic action by the Soviet state were the essentially new, complex and extensive paths which socialist society, the people of one of the most powerful countries in the world and the first and leading socialist state must resolve.

It is entirely natural for our people to show particular interest these days in the problems which the Soviet people have undertaken to solve. An exclusive document was published recently: the Long-Term Program for the Development of Economic and Scientific and Technical Cooperation Between the Bulgarian People's Republic and the USSR for the Period Through the Year 2000. Its scope and significance would be difficult to grasp by the nonspecialist. Its impact on the development of Bulgaria and Bulgarian-Soviet relations is as yet to be measured and analyzed, although we can describe it as historical as of now.

In a time of such significant documents and events, every professional journalist would like to understand and find out more in order to share it with his readers and write for them more clearly and more convincingly. POGLED invited for a talk in the editorial premises of Leonid Grekov, the ambassador extraordinary and plenipotentiary of the Soviet Union to the Bulgarian People's Republic. We asked Comrade Grekov, as representative of the fraternal country in our own and as one of the participants in the recent discussions between the delegations of the two countries, headed by Comrades Todor Zhivkov and Mikhail Gorbachev, to share a few "secrets" of Bulgarian-

Soviet cooperation, to describe the major problems to be resolved by the two nations and to say something about himself. Naturally, this warm and friendly conversation was much longer than recorded by us. As a reminder of this encounter, the editors presented the precious guest with two records: "Favorite Soviet Songs" and "The Eternal Songs of Bulgaria," which came out after a survey of POGLED readers. This was done after the Soviet ambassador promised us that this will not be our last meeting.

Following is part of the record of the conversation:

[Leonid Grekov] Speaking frankly, I like the newspaper POGLED. Your tone resembles that of two of our famous journalists, Ilya Ilf and Yevgeniy Petrov. I was excited by your persistent invitation, knowing that I was going to visit people who see things sharply and to whom no trite things should be told. The embassy has great respect for the work of journalists who try to be present wherever events are taking place and to present them in such a way as to earn the positive rating of the readers.

[POGLED] To us this is the most important thing...

[Leonid Grekov] You would like to know something about me. Unfortunately, I will be 57 in August. Only 3 years left to retirement, which is something horrible. I feel as though I had started working only yesterday.... I am of proletarian origin. My father is from the former Orel Guberniya, born in a very poor village. Both my grandfather and my father went to richer areas, to earn a living. My father was a landless peasant when World War I broke out. During the revolution, his regiment switched to the side of the rebels. He joined the party in 1919. My mother as well was a worker and, subsequently, a housewife. Later, my father worked for the construction workers' trade union in Donetsk Oblast. It was then that I was born in what is now Voroshilovgrad. My father was a political worker and also became first secretary of a party rayon committee. He was quite shy when filling out forms. Under the item "Education" he modestly wrote: "Four grades in the TsPSh," which gave the impression of referring to a central party school but which, actually, was a church-run school.

He was drafted on the second day of the war. My mother and I were evacuated to Kazan, where I graduated from the seventh grade in 1943 and began work in a military hospital, with which I found myself in the Second Belorussian Front. It was thus that even before the age of 15 I found myself in the ranks of the field army, with which I marched from Bryansk to Brest.

When the end of the war was in sight and victory certain, young people with a seventh-grade education were directed toward technicums and 10th-grade graduates to the aviation technicum in the recently liberated Kharkov. I arrived there in November 1944. The principal--a former partisan in the Far East--asked me what I was thinking coming at this time of year. If I could pass the examinations during the winter, all was well. He also added another stipulation: to scrounge up a chair to have something to sit on....

After I graduated from the technicum in 1948 with excellent marks, I continued my studies at the aviation institute. I was sent to work in Moscow. I worked

for 10 years at the Central Scientific Research Aviation Industry Institute. I spent another 10 years working as secretary and first secretary of a rayon party committee, 6 years as second secretary of the Moscow city party committee and 7 years as second secretary of the CP of Uzbekistan Central Committee. Next month I shall complete 2 years of work in Bulgaria.

[Question] This means that we can ask what your impressions of our country are.

[Answer] I have visited Bulgaria a number of times but it is only now that I can share with you my overall impression. You have a happy people, not only happy but unquestionably industrious and heroic, who are able to enhance their homeland from an average, not to say backward, agrarian country. Today Bulgaria is one of the 20 most advanced countries in the world in terms of per capita national income and machine-building output, indicators which characterize the main achievements of society, and in terms of the development of science, technology, education, culture, literature and the arts.

How do your people live? You are to be envied, particularly in the villages: houses of several stories, a car in the garage, a private plot, and a good job in the APK [agroindustrial complex]. There are those who speak of the Romanian, Yugoslav or Hungarian model or the characteristics of the GDR. I do not like to speak of models, for this gives the impression of dividing us. It is a question of the path followed by developed socialism which, to be sure, cannot be the same for all of our fraternal countries. The Bulgarian path, as a stage of developed socialism, is today the closest to the classical building of socialism. Bulgaria today is a leading country. The Bulgarian communist party is one of the detachments of communists throughout the world who are implementing a great deal of advanced ideas. Naturally, without the October Revolution and the Soviet Union this could not have been accomplished. Facts, however, are facts.

I relate a great deal of what has been accomplished in Bulgaria for the past 30 years and what is planned for the future, above all to Comrade Todor Zhivkov. I had a meeting with him before I came here. It is interesting to be a witness of the way a concept is born and then implemented in the country. In this sense, I have been lucky. I have worked with four of our leaders: Brezhnev, Andropov, Chernenko and now Gorbachev.

The meeting between Todor Zhivkov and Mikhail Gorbachev has assumed great importance of late. The great trust between our two peoples was strongly emphasized during the meeting. We are all of us familiar with the international situation, the extent to which this time is stressed and important, for which reason we must work together, shoulder to shoulder. The positions held by the Soviet Union and Bulgaria are one and the same. That is why our main task is to promote friendship and unity and to develop our economic relations on an entirely new level. I remember the very good thought expressed by Comrade Gorbachev on this occasion in one of his meetings with Comrade Zhivkov: the roots of our friendship are deep and strong but the tree must be watered and fertilized in order to yield good fruit. Comrade Zhivkov as well expressed his view on this matter: he shared the fact that the policy of the Bulgarian Communist Party can be none other than a policy of closest

possible friendship and cooperation with the Soviet Union. He said that in your country, in Bulgaria, Soviet experience and, particularly, everything taking place in the land of the soviets, is being studied with a great deal of interest.

I may be asked what, actually, is my specialty? I would be unable to answer. My first specialty, acquired at the technicum, was technologist in metal cold-rolling. At the institute I became an aviation engines engineer. My candidate dissertation was in economics.

[Question] What was your topic and when did you defend it?

[Answer] I defended it in 1971. The topic was "Material Incentive for Production Quality." The monograph has been translated into Bulgarian as well. I discuss an economic-mathematical model for material incentive in upgrading production quality.

[Question] Precisely what we need today....

[Answer] In party work I have covered the entire range, from party committee secretary to CPSU Central Committee member today, as well as from rayon soviet deputy to USSR Supreme Soviet deputy. In other words, if not a complete I have a quite extensive idea of our society's political system, our ideals and the ways to implement them. I am aware of our advantages and our shortcomings.

And here I am in Bulgaria, as a diplomat. However, what we do here is not diplomatic work alone.

[Question] Indeed, many are the things which unite us. In this sense, could you mention the most topical domestic policy problems of Soviet society, which concern our people as well?

[Answer] Let me refer to the recent speeches of Mikhail Gorbachev. Let me emphasize that which unites us politically and economically:

FIRST: INTENSIFICATION MUST BE BASED ON THE SUBSTANTIAL ACCELERATION OF THE SOCIOECONOMIC DEVELOPMENT OF THE SCIENTIFIC AND TECHNICAL REVOLUTION. THIS MEANS, ABOVE ALL, ESSENTIALLY NEW TECHNOLOGIES. NATURALLY, THIS IS BASED ON THE SEARCH FOR RESERVES FOR UPGRADING PRODUCTION EFFICIENCY AND QUALITY.

THE SECOND TASK IS TO PUT IN ORDER ANYTHING RELATIVE TO IMPROVING ORGANIZATIONAL, ECONOMIC AND SOCIAL FACTORS IN THE ECONOMY. ONE OF THE MAIN DIRECTIONS IS ECONOMY. IN THIS RESPECT, BOTH THE USSR AND BULGARIA HAVE EXTENSIVE RESERVES. BASIC PRODUCTIVE CAPITAL AND MATERIALS MUST BE USED MORE INTENSIVELY AND EFFICIENTLY.

THE THIRD POINT IS THE NEED DRASTICALLY TO UPGRADE THE QUALITY AND TECHNICAL STANDARDS OF OUTPUT. UNLESS WE RESOLVE THIS PROBLEM WE COULD HARDLY HOPE FOR ANY STABLE GROWTH OF OUR ECONOMIES, INCLUDING OUR MUTUAL TRADE. THIS PROBLEM LARGELY DETERMINES THE COMPETITIVENESS OF OUR EQUIPMENT, OF EVERYTHING WE PRODUCE.

[Question] How are Bulgarian goods received in the Soviet Union?

[Answer] Well, as a whole. However, there are problems as well. This applies above all to quality, not only of Bulgarian goods exported to the USSR but also to Soviet goods exported to Bulgaria.

If we continue, as in the past, to grant mutual concessions in terms of production quality, technical standards and procurement rhythm, insufficient completeness of items and nonprocurement of spare parts, this will mean that in your country and ours and in the other socialist countries the level of output will not be entirely high. In turn, this will not help us to resolve successfully our domestic problems and, naturally, will influence our competitiveness on the world market.

Exceptional importance is ascribed to investment policy as well. I do not wish to engage in criticism, but I could name many facilities which cost a great deal of money yet are used at no more than 10-15 percent of capacity. Unfortunately, this occurs in our country as well. We are now using an iron fist: anything which will fail to yield quick economic results will not be built.

It is also a question of resource-conserving technologies and priority in machine building with emphasis on the reconstruction of the old enterprises, the effect of which is double or triple that of building new enterprises. We are also emphasizing the construction of power industry projects. Actually, Bulgaria has taken a big step in this respect by creating a grid of standard electric power plants and hydroelectric power plants and a nuclear power plant. Here as well, however, there is a problem: it turns out that their construction is simpler than their operation.

Something else: Soviet science must make a decisive turn to face the needs of public production. Not so long ago PRAVDA published a critical article on a scientific research institute which is working on the problem of the location of counters in stores. What kind of science is that?

The task has been set of reorganizing the entire management system. In this respect, Bulgaria has made big step forward. In our country, however, matters are more complex: 25 ministries and departments have converted to work based on the new management and planning system. In terms of volume this is more than in Bulgaria. However, these 25 ministries and departments working on the basis of the new system, i.e., metaphorically speaking, who are already driving on the left side of the road, maintain complex relations with all others, which are still driving on the right. Like a heavy locomotive engine, our Gosplan has gathered inertia also on the right side of the road. In your country, the unified social information system follows the new method: in ours, the old.

You have applied the system of agroindustrial complexes. We too have done it, but not from top to bottom.

Or else, let us consider the self-satisfaction system. It is excellent! But how will this be accomplished in Komi, for example? All there is in Komi is forests.... Not everything can be mechanically transferred from one place to another.

In both our countries production losses are very serious. In some sectors, compared with the Soviet Union, Bulgarian labor productivity is lower by a factor of 2 or 3. The Bulgarian working class is less proletarianized than the Soviet, and the attachment of the workers to the countryside is no simple problem. Many of your workers have their houses in the villages, a garden and a vineyard or else raise livestock. When they go to their jobs, therefore, naturally they try to rest from caring for their property.

I speak more about economics for it is the foundation of everything, and what I am saying now is the base of party activities, but not of the Central Committee alone, nothing of the sort! The party means, above all, the party members who work in their party organizations. They must be psychologically restructured. Our entire political system must be activated in these directions without delay. Let me cite the following statement by Comrade Gorbachev: We should not drag, we should not wait, for there is no time for getting in the mood, this time is over. We must move ahead, gathering speed. But let me go back to the question of how much diplomatic work we have in Bulgaria. Our main task is to carry out the assignments set to us by the party's Central Committee, the government and the Ministry of Foreign Affairs of strengthening our ties and ensuring trade, which totals 12 billion rubles per year, respectively 6 billion each for Bulgaria and the Soviet Union. For Bulgaria this is an incredible figure, a pure exploit.

We frequently say that one must learn as long as one lives. It may seem strange but to us Bulgaria is a great school. Actually, our diplomatic work is conducted during our leisure time.

So many ties exist between our countries--party, government, ministerial and departmental, between republics, oblasts and okrugs, and between enterprises, creative associations and simply between individuals, that it is impossible to encompass all of them.

The Bulgarian-Soviet Friendship Month was a triumph of our friendship and fraternity. About 6 million Bulgarians took part in it. We also consider very precious everything which is being done in Bulgaria on the occasion of the 40th anniversary of the victory. There has not been even a single person who has not been affected by this event to a certain extent, for the subject of the victory is our common topic.

[Question] Comrade Grekov, in this tremendous work for a new approach, where, in your view, will one encounter the greatest opposition, for the psychological retuning of the people is by no means easy?

[Answer] Some people cannot be retuned. They are not our enemies. We must offer everyone the opportunity. However, those who are unwilling to march

alongside us should go away. The most important thing is to develop the mood in the masses. The leaders alone do not decide matters.

[Question] Nevertheless, how should we solve the contradiction between words and actions?

[Answer] Life is a material thing. That is why we need the type of mechanism which can make full use of the economic laws of socialism, such as the laws of value, prices and wages. To this day many people are paid wages not based on the quantity and quality of their labor. I would put in second place the standard of the managerial apparatus--in this respect something remains to be desired--which must consist of highly skilled and highly intelligent individuals. Third and very important is propaganda among the masses. We must influence above all the positive features of the people.

The answer to this question is based, in other words, on the economic, organizational and class-social stance.

[Question] The economic experiment which has been under way in the Soviet Union in recent years has triggered a new interest in our country. Have results already been summed up?

[Answer] Unquestionably, the economic experiment is yielding positive results and will continue to be applied during the next five-year plan.

The state plan will be the principle for the application of scientific and technical achievements. Each section of the plan will begin with science. In both our countries, however, such a mechanism has not been created as yet. We must change the workstyle and methods and then undertake the implementation. Equally important is the fact that we must reduce the administrative apparatus and make a number of changes and additions as indicated as practical experience.

[Question] What do you think: Could problems of scientific and technical progress be resolved without international East-West cooperation?

[Answer] I think so. Our defense industry is proof of this. Naturally, international cooperation makes things easier. However, no essential change in the political situation is expected.

[Question] You have said nothing of your children and grandchildren....

[Answer] I have three children. My eldest son is 32 and a candidate of economic sciences. He has one son, Al'osha, like Plovdiv's Al'osha. My daughter Olga works in physical therapy. Her husband works at a scientific research tractor-building institute. They have a daughter Mariya and a son named after me--Leonid. I have three grandchildren. My youngest son Pavel is a university student.

In conclusion, allow me to greet through your newspaper all POGLED readers and wish them good health and success.

5003

CSO: 2200/181

INTERNATIONAL AFFAIRS

BUCHAREST-BASED CHEMICAL FIBER UNIT PROMOTES CEMA COOPERATION

Bucharest REVISTA ECONOMICA in Romanian No 27, 5 Jul 85 pp 15-16

[Article by George Comanici, director general of UEI Interchimfibre]

[Text] In order to more fully satisfy the demand for high quality chemical fibers from CEMA member nations, and starting with the need for an expanded and deeper economic and technical-scientific collaboration in the production of chemical fibers, the governments of Bulgaria, Czechoslovakia, GDR, Romania, the USSR, and Hungary, decided in 1974 to form the Interchimfibre International Economic Union (UEI) in the field of chemical fibers, located at Bucharest in Romania. The convention for establishing the Union was signed by representatives of the governments and ratified by the appropriate agencies of the contracting parties.

Pursuing its activities in the interests of the participating countries, UEI Interchimfibre operates according to the decisions of the Union's council and takes into consideration the recommendations adopted and tasks assigned by the Executive Committee of the Council and the Permanent CEMA Commission, for collaboration in the chemical industry aimed at developing economic and technical-scientific collaboration among member countries, and at increasing the efficiency of the Union's activities.

Identification of Multiple Areas of Specialization in Fibers and Equipment

In order to exercise the functions and fulfill the tasks defined by its convention and statute, the Union acts to develop collaboration and documentation for specialization possibilities in the production of some types of chemical fibers, and to increase the mutual deliveries of such fibers, under mutually advantageous conditions. UEI Interchimfibre has thus prepared a Multilateral International Convention for Specialization in the Fabrication of Some Types of Chemical Fibers, which was signed by the appropriate economic organizations in Bulgaria, Czechoslovakia, Poland, Romania, and the USSR. The convention covers mutual exchanges of the following types of basic chemical fibers: polyester textile fibers for sewing thread, polypropylene fibers, fibers for carpets and textured textiles, diacetate textile fibers, and polyvinyl chloride fibers. In this respect, for instance, Romania exports to

the USSR polyester fibers for sewing thread (an area in which it specializes) and textured polyester textile fibers; at the same time, it imports from the USSR diacetate and polyvinyl chloride fibers. However, the convention covers a limited range of chemical fibers, which do not fully meet the needs of participating countries; the Union therefore is taking action to expand the convention to other types of chemical fibers such as polyester fibers and cable, polyester filaments for technical applications, and a number of special purpose fibers.

In parallel with the specialized production of some types of chemical fibers, and in order to explore other possibilities for expanding mutual exchanges beyond the quantities established by the countries in long term agreements, the Union periodically organizes discussions among specialists, with the participation of representatives from producer, consumer, and foreign trade organizations of the countries in question. These types of meetings offer the specialists in these countries a suitable framework for exploring new delivery possibilities and for preliminary bilateral and multilateral negotiations about volume, quality, and sale conditions and terms, thus making it easier for foreign trade organizations in interested countries to close additional contracts for mutual deliveries. At the meeting organized at the beginning of 1985 for instance, the participants expressed an interest in exporting or importing during this year an additional 100 types of fibers, for a total of more than 90,000 tons of chemical fibers and filaments, thus demonstrating the efficiency and usefulness of such meetings.

In accordance with the recommendations of CEMA's Permanent Commission for Chemical Industry Collaboration, and considering the timeliness of collaboration for supplying chemical fiber production with equipment, technical resources, and spare parts, UEI Interchimfibre formulated a Multilateral International Convention for Specializing in the Production of Metering Gear Pumps for Chemical Fibers, which was signed by the economic organizations of Bulgaria, GDR, Poland, Romania, the USSR, and Hungary. These countries have specialized in about 40 types and sizes of pumps for various types of chemical fiber spinning, opening the possibility for mutual exchanges of tens of thousand items per year. Also signed by the economic organizations of Bulgaria, Czechoslovakia, Romania, Hungary, and GDR, was the Multilateral International Convention for Specializing in the Production of Synthetic Fiber Spinning Dies, and in 1985, the signers of the convention decided to expand the list of specialized production to artificial fiber spinning dies, which will make it possible to double the volume of deliveries for the 1985-1990 period.

Based on this convention for instance, Romania has imported from GDR various sizes and types of spinning dies. For the 1986-1990 period, the specialization convention was extended to artificial fiber spinning dies, whose fabrication involves precious metals (gold, platinum, tantalum). Another area in which international specialization agreements have been reached between the economic organizations of Bulgaria, Romania, and Hungary, is the production of ceramic filament guides for chemical fibers. The economic organizations of GDR, the USSR, and Czechoslovakia have tested these accessories and have

expressed interest in adding them to this convention in the near future. Within the Union, the participants in all these conventions examine annually the fulfillment of obligations assumed by partners, regarding terms, volume of deliveries, and technical level of specialized production.

Considering the interest manifested by Union members and their desire to collaborate to meet the demand for spare parts, machinery, and tooling, so as to reduce freely convertible currency importation, as well as to document the possibilities for interested countries to collaborate in the manufacturing and use of various chemical fiber processing equipment by CEMA countries, a list of these products was drawn on the basis of information received from member countries, containing the technical-economic characteristics of these products. Positively received by the Union's members, this study offered them the possibility of identifying new concrete areas of collaboration.

The Union has arranged working visits from specialists of interested countries to chemical fiber plants where this equipment is being used, thus leading to a better understanding of the countries' potential and to expanded mutual commercial exchanges. This for instance, has led some partners in GDR, Poland, and the USSR to request from Romanian enterprises such machinery and tooling as FVC-60 machines for continuous viscous silk spinning, type DT double torsion twisting machines, type MBT tension spooling machines, type DRF thin-fiber doubling-twisting machines (manufactured by the Unirea enterprise in Cluj-Napoca), as well as machines for spinning high wet-modulus cellulose fibers, manufactured by the Nicovale enterprise in Sighisoara.

Collaboration on New Technologies

Technical-scientific collaboration is pursued as part of a collaboration plan determined by the Union's council, the topics of the projects covering the improvement of existing chemical fiber production technologies, the development of new production processes and higher productivity tooling, more efficient use of raw materials, and improved technical manufacturing processes for special fibers with specific properties. Similarly considered were the requirements of the textile and knitting industry for expanding selections and improving the application properties of chemical fibers.

Among the projects carried out as part of the collaboration, and implemented in production, are: a method for purifying lye solutions by pressing without dialysis, in Bulgaria; a method for purifying solutions and residual water, in Poland; obtaining polyamide fibers with anti-electrostatic properties, and a technology for high speed spinning, drawing, and texturing polyester fibers, in GDR; the use of non-woven materials to filter viscose, and a process for purifying ventilation gases through absorption during the manufacturing of viscose fibers, in Poland; a technology for producing the Dilana '73 and Dilala '74 modified polyester fibers, in Poland; a technology for obtaining the Terom-CA, Terom-AP1, and Terom-AP2 modified polyester fibers, in Romania; a comprehensive plan for reducing toxicity in the production of viscose fibers, in the USSR; and a technology for manufacturing a polyamide carpet fiber, in Czechoslovakia.

Consistent with the recommendations of CEMA organs, UEI Interchimfibre has written drafts for conventions regarding technical-scientific collaboration, which are expected to be signed by the end of 1985; among them are: developing intensive processes and their equipment to rebuild existing viscose units, including those for high wet-modulus viscose fibers; obtaining and using carbon fibers from pyrolysis bitumens; building automated lines for manufacturing polyamide and polyester fibers, using robots, computation technology, and microprocessors; and developing low or no waste technologies in the manufacturing of viscose fibers.

In the area of standardization, UEI Interchimfibre drafted 22 testing method CEMA standards for chemical fibers and filaments, and is currently working on CEMA technical condition standards for the types of chemical fibers that are mutually exchanged by countries participating in the convention and that are included in the Convention for Specialization in the Production of chemical Fibers.

In order to survey the interests of Union members and improve the organization of collaboration regarding the production implementation of scientific research papers and of completed experiments, as well as the organization of construction projects, UEI Interchimfibre has created an information resource which is updated yearly, which includes scientific research papers, completed experiments, construction projects, licenses, and other work carried out in various countries, and which can be offered to countries participating in the convention. The information resource contains 293 technical-scientific projects completed by the countries participating in the convention; 30 of these projects result from UEI Interchimfibre's Plan for Technical-Scientific Collaboration During the 1981-1985 Period.

Given the interest shown by the specialists of countries participating in the convention, in the extension of mutual exchanges of experience in the production of chemical fibers, the Union has organized specialist collectives from the countries and the Union, composed of technologists, mechanics, economists, researchers, and so on, who have studied the experiences of some chemical fibers manufacturing plants. Comprehensive teams of specialists have thus visited 24 viscose fiber and filament plants in Bulgaria, Czechoslovakia, GDR, Poland, Romania, and the USSR, polynozic [unknown translation] fiber plants in Bulgaria and Poland, polyamide technical fiber and cord plants in GDR, Poland, Romania, and the USSR, and polyester fiber plants in Bulgaria, Czechoslovakia, Poland, and the USSR. Following these visits, more than 120 proposals were made to collaborate in extending advanced methods to the enterprises of interested countries, to increase economic efficiency in production, expand the range of products, improve production quality, process and use manufacturing scrap and secondary raw materials, and protect the environment. The participation of Romanian specialists in this work has enabled the comparison of manufacturing technologies and of tooling available in Union member organizations, with those in our country, leading to more than 40 concrete proposals applicable to Romanian installations.

The Union is currently also orienting its activity toward the study of measures formulated and applied by member countries to reduce the consumption of raw materials and energy, and to use scraps and secondary raw materials in manufacturing chemical fibers. Based on data received from Czechoslovakia, GDR, Romania, the USSR, and Hungary, and as a result of studies which Union specialists conducted at the Schwarza and Elsterberg plants in GDR, the Chemical Fibers Institute in Lodz, and the Vistom plant in Poland, detailed reports have been sent to the various countries for use in multilateral or bilateral collaboration. The Union has also written a report entitled "Major Directions in the Collaboration of Countries Participating in the Convention Regarding Economies of Raw and Other Materials, Fuel, and Energy, as Well as the Expanded Utilization of Secondary Resources in Manufacturing Chemical Fibers During the 1986-1990 Period and Until the Year 2000," as well as collaboration programs on specific topics as part of this problem.

In the area of environmental protection, specialists from Bulgaria, Czechoslovakia, GDR, Poland, and Romania, together with UEI Interchimfibre specialists, conducted technical-economic consultations at some enterprises in these countries about the purification of toxic emissions, the regeneration of precipitation baths for viscose fibers, and the possibility of organizing collaborations among these countries for periodic inspections and repairs of existing installations. Concrete proposals for collaboration were written and presented to the respective countries for examination and bilateral or multilateral finalization.

Using the information received from member organizations and data from the specialized literature, UEI Interchimfibre has formulated more than 30 studies and catalogs: forecasts for the development of the industry and for chemical fiber consumption in countries participating in the convention and throughout the world; investments; raw material manufacturing trends; characteristics of chemical fibers; applied methods for reducing raw material and energy consumption, including the processing and utilization of manufacturing scraps and secondary raw materials; types of chemical fibers produced in member countries, which could be the object of collaborations; a polyglot dictionary in the languages of member countries, which includes technical terminology used in the chemical fibers field; and so on.

In order to most fully satisfy the various countries' need for ancillary products, synthetic dyes, and pigments in the production of chemical fibers, the Union closely collaborates and obtains positive results, with Interchim OEI in GDR, based on the two organizations' annual collaboration program, on the topic Projects in Synthesis and the Use of Ancillary Products for Chemical Fiber Manufacturing.

Future Directions of UEI Interchimfibre

The basic problems in the Union's activity in the years to come, remain the organization of collaboration among its member economic units, to fulfill the measures stipulated in the chemical fibers portion of the Long Range Collaboration Program:

Intensify efforts to develop specialization and coordination in the production of various types of chemical fibers, including the creation of modern types of fibers with superior utilization characteristics, through the rebuilding and modernization of existing units, as well as through the organization of collaboration for the maximum utilization of existing facilities, in order to most fully meet the requirements of interested countries which participate in the convention, and to increase mutual deliveries;

Continue to create the conditions necessary for the Union's self-financing in the near future;

In technical-scientific collaboration, efforts will be made to focus activities on the completion of priority topics, and to introduce the results obtained into production;

Expand collaboration projects for the economic and efficient utilization of raw and other materials, fuels, and energy in the production of chemical fibers, including through greater utilization of manufacturing wastes and secondary raw materials;

In order to reduce the free currency importation of basic raw materials and ancillary products, and in particular that of ancillary textile products for the production of chemical fibers, efforts will be made to manufacture them in countries which participate in the convention;

The organization of collaboration to study advanced methods in enterprises in interested countries which participate in the convention will be continued;

Informational materials, summaries, catalogs, analyses, and so on, of wide interest to Union members, will be written.

Starting with the fact that in the foreign economic relations of Romania, which is the Union's headquarters, an important role is assigned to collaboration as well as economic and technologic-scientific exchanges with socialist countries and particularly with CEMA member nations, we want to bring our contribution to a deeper and better economic and technical-scientific collaboration among these countries, in various organizational forms, whose selection depends on the objective of the collaboration, on the premises and real conditions that exist in the participating countries, and on the concrete goals and tasks of the collaboration.

11,023
CSO: 2700/181

BULGARIA

ASPECTS OF PRODUCTION QUALITY, PRICES EXAMINED

Omissions in Canning Industry

Sofia EKONOMICHESKI ZHIVOT in Bulgarian 3 Jul 85 p 2

[Text] This is the decisive period in gathering and ensuring the most efficient utilization of all that the land has grown and will grow. The cost to the national economy of every single day lost is quite high. The question is not only to harvest the fruits and vegetables on time but also to ensure their qualitative processing, so that Bulgarian canned goods may be competitive. As we know, such items are being exported to 70 different countries. However, having dared to compete with the most famous producers, we must take the struggle for quality to its successful completion. We must improve production organization in order to be able to manufacture goods with high taste, nutritive, consumer and aesthetic qualities. The long-term program, which was approved in 1984 at the National Party Conference, gave us a green light to this effect.

Taking into consideration the stricter requirements of the international and domestic markets, the managements of the Bulgarplod DSO [State Economic Trust], and the canning combines and enterprises, formulated their own programs for decisively improving the quality and competitiveness of their output. The task was for the counterplans and engineering projects to result in the introduction of new and more efficient technological solutions, to improve production hygiene and drastically to reduce losses from rejects, waste and claims. The ways to achieve this were indicated in the comprehensive quality control systems. To achieve this, however, a decisive turn was needed in the thinking and actions of everyone, from the general director of a trust to the last performer and to the smallest production unit.

The results of the work done in the year since the National Party Conference indicates that the first steps have been taken but that not everything has been completed as had been planned and anticipated. This has justifiably concerned the trust's management, which clearly realizes the difficulties which paralleled the production process during the first half of this year. The influence of the subjective factor remains great. Frequently, omissions and weaknesses caused by irresponsibility and disorganization, unsatisfactory labor and technological discipline, insufficient persistence and reduced control by primary-level managers hide behind objective reasons.

These seemingly "petty" omissions have major economic consequences.

If it becomes necessary to answer questions, we should begin with the centers where fruits and vegetables are delivered and procured. Since harvesting schedules are not synchronized, some of the produce remains unpicked, as a result of which its quality worsens. Furthermore, some farming organizations, motivated by narrow departmental interests, try to dictate higher purchased prices inconsistent with the quality of the produce. Therefore, after the fruits and vegetables have been delivered to the canning enterprises, they must be sorted according to quality. In many areas, a number of basic hygienic requirements, such as washing, removing stems and pits, are violated as a result of the pile-up of fruits and vegetables and the lack of refrigerated areas. Furthermore, the washing machines for glass containers frequently break down and the light panels with which the cleanliness and quality of bottles and jars are determined are not used on a regular basis, for which reason foreign substances may still be found among some of the produce.

Furthermore, the color, consistency and physical and chemical qualities of the finished products may change as a result of faulty metal or glass containers. Still because of subjective reasons and the inadequate quality of the basic and auxiliary raw and other materials, the recipes and technologies must be amended, for which reason some of the finished products of some enterprises fail to meet contractual requirements. Despite measures taken to correct this, in some areas such seemingly "petty" weaknesses and omissions are considered inevitable. This, however, leads to losses.

What should be done?

Against the background of the great successes achieved by the canning industry such weaknesses stand out even more clearly. That is why they must be surmounted quickly and completely. We must complete the building of reception and procurement centers where the fruits are graded according to ripeness, size and firmness.

Equally important is the problem of the availability of good quality glass, tin, cardboard, plastic and wooden containers. In this respect, important problems must be resolved by the Kvarts, Cellulose and Paper and Stara Planina economic trusts, the Kremikovtsi Metallurgical Combine and other bodies.

The most important remaining problem is the organization of the production process along the entire "soil-finished product" chain. This depends to an exclusive extent on the subjective factor. It is high time to put an end to discussions of errors in incoming and outgoing control and production hygiene and organize an efficient laboratory control and strengthen labor, technological and financial discipline. Prompt day-to-day study must be made in order to eliminate reasons for omissions and carelessness.

The necessary prerequisites for high quality work are available. A powerful and modern material and technical base has been developed. We have adequate supplies of agricultural raw materials, skilled cadres, scientific potential, experience and traditions. The only thing necessary is ambition, dedicated work and high production discipline.

Quality and Price Control

Sofia EKONOMICHESKI ZHIVOT in Bulgarian 3 Jul 85 p 7

[Article by Gospodin Kortsanov, KDNK [Committee for State and People's Control] deputy chairman]

[Text] Results of an investigation conducted in five okrugs, 20 settlement systems, two trusts, one economic combine, five Local Industry and Consumer Services directorates and 51 enterprises]

Prices and price setting play an important role in the set of measures aimed at radically improving the quality of output. In his speech at the 1983 Varna Conference and his introductory speech at the National Party Conference, Comrade Todor Zhivkov scientifically substantiated the economic interrelationship between quality and prices. We must guide it by the rule, he said, "that the price be based on the actual consumer qualities of the goods and the socially necessary production outlays."

The violation of such basic economic requirements leads to the harmful practice according to which prices outstrip quality improvements.

Guided by these stipulations and resolutions, together with the Central Council of Bulgarian Trade Unions, the Main Price Administration (GUTs) and Main Standardization Administration (GUS), the Committee for State and People's Control investigated price setting of goods sold on the domestic and foreign markets. The investigation covered the Price and Price Control units in five okrugs and 20 settlement systems, the Pirin PTO [Production and Trade Trust], the Rila SK [Economic Combine], the Mladost DSO [State Economic Trust], five "local industry and consumer services" economic directorates and 51 enterprises.

In accordance with the 1977 BCP Central Committee and Council of Ministers Decree No 60 and Comrade Todor Zhivkov's instructions issued at the May 1980 conference with the party and economic aktiv in Ruse, the economic managements improved their work in updating their output, increasing variety and upgrading quality with a view to ensuring the fuller satisfaction of increased requirements. Assisted by the stimulating role of prices, they increased the volume and share of fashionable and luxury goods.

Regardless of the results, however, price setting and the observance of prices in the establishments which were checked are not entirely consistent with the strict criteria and requirements of the 12th BCP Congress and the national party conference. Major weaknesses and violations of the laws regulating price setting, particularly for fashionable and luxury goods, have been committed.

The managements of many of the economic organizations and enterprises which were checked tried to obtain better financial results by unjustifiably raising prices without corresponding improvements in consumer value. Quite frequently new prices were set by including higher production expenditures than stipulated. Thus, for example, the Petur Chengelov Shoe Manufacturing Plant in Plovdiv, the Pirin PTO and the Ministry of Production and Trade for Consumer Goods suggested, and the GUTs approved, that prices of ladies' luxury boots include the cost of 86.30 square decimeters of leather per pair, although the approved norm was 69 square decimeters; the value of the used technological waste was not subtracted. The Dobri Kartalov Plant in Gabrovo set prices for 45 models of ladies', men's and children's knitwear for which labor outlays were unjustifiably increased by an average of 10-15 percent.

The prices of some items include higher commercial discounts and profits than legally stipulated. The Firm Stores Directorate of the Pirin PTO, the Rila enterprise, within the system of the Local Industry and Consumer Services Directorate in Blagoevgrad and others agreed on discounts for trade in the countryside, about 5 percent higher than for trade in the cities. The prices charged by the Nikola Stanchev Plant in Omurtag and Sportsrom Plant in Sofia, the Pamporovo Factory in Chepelare, the Mladost DSO children's toys enterprises, and others call for a higher level of profit than allowed.

The most serious violations of the legal base were noted in defining the category of fashionable and luxury goods and their prices. These are goods in demand by the consumers but only when the price charged for fashion and luxury is consistent with the high quality and reliability of the goods. In a number of cases, however, these requirements were violated. It was established that the price-setting bodies at the Pirin PTO, Rila SK and Mladost DSO failed to display the necessary exigency, accuracy and objectivity in rating a number of new goods as fashionable and luxury. In these economic organizations luxury goods are defined by their artistic-expert councils instead of by the councils of the ministry, which is a gross violation of the 1977 BCP Central Committee and Council of Ministers Decree No 60, the Regulation on the Economic Mechanism and the Directive on Prices.

What is puzzling is that before the investigation no criteria had been set in defining the high consumer qualities which fashionable and luxury goods should have. This was the reason for subjectivism and unsubstantiated classification of many goods as fashionable and luxury. The methodical instructions of the work of artistic-expert councils were not formulated, as a result of which in a number of cases their sessions were formal only and decisions were made without a quorum. Representatives of the GUS and GUTs and the respective ministry had not been invited to attend such sessions.

A number of cases of drawing up records on fashionable and luxury goods without proper meetings to be held by the artistic councils were noted at the Rila SK and Mladost DSO. This also applies to the Pirin PTO. The formal work of such artistic-expert councils in these economic organizations was the cause of subjectivism and a departmentalistic approach in setting the prices of a number of fashionable and luxury goods. Hence the unjustified increase in their share at the expense of popular-type models.

The share of popular-type model shoes is substantial: 56.5 percent. However, it is only 5.5 percent for men's shoes and 6 percent for ladies' shoes; the Petur Chengelov Plant does not produce any ladies' boots, half-boots and ankle boots of a popular type at all. It cannot be considered normal that all women would be wearing only luxurious and fashionable shoes. At the Rila SK luxury and fashionable men's suits produced in 1984 accounted for about 70 percent of the total. This decline in the percentage of popular-type commodities was noted at other economic organizations as well.

Deviations from quality indicators have been allowed in the case of already approved models. The requested prices for some goods include the cost of better quality and more expensive materials, after which such items are made of less expensive and lesser-quality materials. Such violations were noted at the Sport Plant in Popovo, the shoe manufacturing factory in Blagoevgrad and others. The Bilyana Plant in Petrich marketed luxury men's vests at 51 leva apiece, which averaged 12 defects per item; the Todor Kableshkov Plant in Panagyurishte marketed luxury men's poplin jackets priced 70 leva and bathrobes with major defects, although both rated first quality.

Such serious weaknesses and violations of legal acts in price setting are the main reasons for the unjustified price increases of some items such as shoes and clothing produced by the Mladost DSO, ladies' boots produced at the Pirin PTO, rubber shoes and jackets produced by the stores within the system of the MPTPS [Ministry of Production and Trade for Consumer Goods] and others. They seem to forget that prices have not only economic but social significance.

"The new items," Comrade Todor Zhivkov points out, "must have a better technical and more aesthetic appearance and lower material, energy and labor intensiveness." This means that they must contribute to enhancing public labor productivity. This requirement, however, has been seriously underestimated, particularly in the case of fashionable and luxury goods.

That is why the increased share of many such items has not sufficiently contributed to upgrading the quality and efficiency of output. The purpose of setting higher prices, particularly for new items, was to reach the planned volume indicators. This was the reason for the nonfulfillment of the planned assignment of decisively lowering material, energy and labor outlays and upgrading social labor productivity.

The differences between the quality and prices of some items not only harmed the consumer but lowered competitiveness. This is one of the reasons for the drop in budget returns and increased subsidy for advertised products. More than half of the losses from advertised shoes are caused by returned substandard items produced at the Deveti Septemvri Plant in Sofia and the Petur Chengelov Plant in Plovdiv, which account for the highest share of luxury and fashionable goods. The easier fulfillment of some plan value indicators by unjustifiably increasing the share of fashionable and luxury goods and their prices did not contribute to improving the quality of a number of goods in demand.

It was also established that goods were sold without legally set prices or prices higher than those approved. Improper revenue to the budget from noted violations totaled 536,000 leva.

Such weaknesses and price violations are mainly due to the fact that a number of economic managers have displayed a departmental approach.

By unjustifiably raising some prices, they tried to ensure the easier implementation of volume and value plan indicators. They underestimated the role of price setting in upgrading production quality and effectiveness. They forgot the economic law according to which the price is based on the actual consumer value of the commodity and the socially necessary labor outlays for its production.

In frequent cases the corresponding authorities did not check closely or demand the strict observance of legal requirements. Proposals were submitted for prices without submitting cost estimates, computations and political records and letters of approval by the main commodity consumers.

Another reason for such weaknesses, shortcomings and violations is the insufficiently specialized control. The advice which the Prices and Price Control Administration gives to the okrug people's councils is not sufficient for engaging in extensive preventive control. The coordination among the price-setting bodies and the other public control authorities is not on the necessary level.

The okrug people's councils executive committees in the investigative okrugs considered the results of the investigations and passed resolutions on eliminating weaknesses and violations and improving price setting. The Main Price Administration imposed fines and issued orders that the irregularly earned income be paid into the budget. The standardization authorities stopped the sale of items defined as luxury goods but with substantial defects. The MPTPS and the Main Price Administration took steps to eliminate said weaknesses and violations in price setting. The Committee for State and People's Control made it incumbent upon the management of the Pirin PTO, Mladost DSO and Ruse SK quickly to eliminate price-setting weaknesses and violations.

The KDNK chair considered the results of the investigation, took steps and submitted proposals to the competent authorities aimed at further improving price setting and strengthening its role in upgrading the quality and effectiveness of goods. The plenum materials emphasized that the main criterion of the effectiveness of the new items is a drastic decline in outlays for labor, raw materials and energy and production time.

This new approach must be profoundly interpreted and implemented. It must be the exclusive guide in contracts for new fashionable and luxury goods and in setting their prices. This will provide new opportunities for the fulfillment and overfulfillment of the 1985 plan and the proper welcoming of the 13th Party Congress.

5003

CSO: 2200/169

BULGARIA

DISORGANIZATION, WEAKNESSES IN DOMESTIC TRADE EXPOSED

Garbage Removal Criticized

Sofia STURSHEL in Bulgarian 5 Jul 85 p 3

[Text] Old Sofia residents probably remember that in addition to its greenery, Sofia was famous as a clean city. Greenery may still be found in the capital, but for quite some time no one has been mentioning cleanliness. What is mentioned is the pollution of the city, starting with private cars and city transport buses, factories and water and ending with residential garbage.

On the surface, the problem of the garbage seems to have been resolved for some time: we have garbage pails and containers and special garbage trucks. Each rayon council has its "cleanliness" department and a central Cleanliness Economic Enterprise exists. The Sofia People's Council has its Public Utilities and Communal Economy Administration, which is in charge of the city's hygiene. This, however, is only on the surface. Walk any street (particularly in the residential complexes) and the "fragrance" coming from pails and containers will make you run away. Cats chase each other around the pails and containers, stray dogs search for sustenance and collectors of garbage treasure, waste-high in garbage, stuff their variety of bags.

No such thing may be seen in Europe. There this problem has been long resolved in a very simple way: the citizens are issued nylon bags instead of containers. The full bags are left at the entrance of the block and picked up in the morning. Naturally, this is a known fact and a great deal has been written on the subject. What is less known is that the Khimik Plant in Asenovgrad manufactures nylon garbage bags. It manufactures them but it is short of customers. Starting with 1982 the new garbage collection method was experimentally introduced in various districts in Vidin, Plovdiv, Veliko Turnovo, Varna and Tolbukhin. The people of Tolbukhin are now fully convinced of the advantages of this new feature: currently the largest city residential district is serviced by two instead of eight not necessarily garbage trucks; the service personnel has been reduced by more than 70 percent; the din of handling pails and containers has been replaced with greatly desired quiet; the air is clean, for the garbage does not have to stay a whole day on the street. Every morning the people take out their sealed bag which is picked up 30 to 60 minutes later. It is no wonder that the people of Tolbukhin have requested 2 million bags for next year so that the service could be extended

to the entire city. The cost is modest, from 6 to 9 stotinki per bag, depending on size.

What is the situation in Sofia? For the past 3 years an experiment has been under way in four Sofia rayons. This is encouraging, but this applies to individual districts rather than entire rayons. We can confidently say that this new development has sunk roots only in a single district of the V. Levski Rayon People's Council. What about the others? In other places the people were not satisfied or did not agree to this new development, for which reason everything is at the experimental stage. It is still not known whether a deadline has been set for converting from the old to the new garbage collection method.

The question is why are so many unnecessary experiments needed for a method which, obviously, is an improvement over the old, bearing in mind that the cleanliness departments have always suffered from problems of manpower and facilities and that the new method is far less expensive and requires minimal servicing personnel. However, experiments may go on ad infinitum whereas the pollution of the capital should have its limit, for it is true that everything in a capital city should be "the most" and one such "most" should be cleanliness.

'Objective Reasons' Deplored

Sofia STURSHEL in Bulgarian 5 Jul 85 p 1

[Article by Chavdar Shinov]

[Text] The phrase "objective reason" has found a durable, one could fatal, place in our lives. Throw a needle in the air, it would fall back on an objective reason! Naturally, this is in the order of things. People try to justify their failure to do the work and objective reasons kept pouring down!

Tens of trucks in an automotive enterprise are not working. The objective reason is shortage of spare parts....

The bakery in the city of N. is pouring out brick-like bread, which must be cut with a saw. The objective reason is that some kind of component of the dough has not been received....

In turn, the brick factory in that same city makes bricks which crumble after the very first rain. The objective reason is the poor quality of the clay used to fire such bricks....

Some enterprise for household utensils is producing pans 20 kilograms each, for they are made of steel sheet used in the advanced countries to make submarines. The objective reason is that it is the end of the quarter, the plan must be fulfilled and the necessary thin sheet has not been received, so that whatever is available in the warehouse is used....

Tens of tons of chemical fertilizer in an APK [agroindustrial complex] are wasted. The objective reason is the downpour and the fact that the farm had no proper warehouse in which to store it....

One could say that there is a sea of objective reasons!

Things have gone so far that even the incompetence of, let us say, director Petrov or Chief Ivanov is now beginning to be ascribed to objective reasons! Something in the nature of hail, earthquakes or, in general, a natural disaster!

Actually, most ordinary subjective reasons stand behind all such objective ones.

There are no spare parts for the trucks because the procurement department did not order them in time.

The expected chemical which would make the bread fluffy and edible has been waiting for months on end, forgotten in a railroad car on a side track in a railroad station.

The brick factory is producing throw-away bricks because it was designed and built without any thought being given to the fact that the clay used is not suitable for its technology.

The expected steel sheets have not arrived because the fulfillment of the plan of the metallurgical workers is based on tonnage and they prefer to use only heavy and thick steel.

Let us not mention the wasted chemical fertilizers. All that was needed was to cover them with some tarpaulin.

Last winter offered the lovers of objective reasons the type of objective reason which made them dizzy with joy. There was cold weather and energy problems and now we even have a drought, worthy of shouting "Hurray!" Naturally, the extent to which what happened at the start of this year is due exclusively to the cold weather, snow and ice and simply to unfinished work in one power plant or another or one transportation enterprise or another remains arguable.... What is important is to be aware of the great opportunities existing for compensating the lagging caused by the winter disturbances and the spring drought! Simply, it is high time to stop describing as "objective" the reasons which, if looked into, would reveal most traditional subjective laziness, irresponsibility, incompetence and, in general, laxity!

And since we frequently speak of so-called secret reserves, let us admit that hidden reserves which, if measured in terms of money, could yield billions, lie hidden in the way the people do their jobs!

Sofia STURSHEL in Bulgarian 5 Jul 85 p 3

[Article by Dobrin Dobrev, Pleven STURSHEL correspondent]

[Text] It is embarrassing for a columnist to write about plywood when even children are using computers. But what can we do, when the reader writes to the editors angry letters on the quality of the offered plywood. This is because wood is the base of the "do it yourself" requirement.

Every single Bulgarian city has a "Fuels and Construction Materials" enterprise. A person does not necessarily have to be building a house to lose a great deal of time in the various warehouses of this one-of-a-kind enterprise, where one can purchase building materials, even if it is only 2 meters of plywood. The customer may also come back either empty-handed or quite amazed at the sight. Guided by such complaints, I peeked into the warehouses of the "Fuel and Construction Materials" enterprise in Pleven. This is a huge warehouse packed with various types and dimensions of plywood, lumber and other wooden materials. The citizens keep looking through the pressed wood sheets, make clucking sounds with their tongues and wonder what they could do with such an item which is good for fuel only. One should pity the salesgirls, who must listen to the criticism of the customers, addressed to them, for some reason. It is not that they do not return the goods back to the producer, for they do. However, if they were to return everything what would be they be selling? It is difficult to find words to describe the quality of the plywood which, furthermore, is selling for 350 to 400 leva per cubic meter. It is unglued, torn, pierced, offered in panels of 2 square meters. It would be difficult to produce such a despairing quality of plywood even deliberately. The producer--the Polkovnik P. Abadzhiev Timber-Processing Plant in Teteven--has left big holes in the plywood and the pressed wood. The edges of the pieces are torn and the corners broken.... I am convinced that the producer is perfectly familiar with his product, for the latter carries no manufacturing identification. We do not even have to mention any indication of quality. No quality indication may also be found on the door and window frames produced by the Bor Plant in Ruse. Why indicate the quality, when the naked eye can see the poor shape of doors and windows? The price, however, is marked: from 30 to 120 leva apiece.

The personnel at the warehouses of this enterprise in Pleven showed to us piles of invoices of construction materials received...unpriced. Such items are kept in the warehouses for 10 to 15 days without prices, which seem to have been delayed somewhere along the way. There are also invoices with two prices, such as "drainpipe braces" priced at 0.36 and 0.53 leva. This is a small item, but what price to charge? Should they ask the producer? They should but all that the invoice says is "KTM--Sredets Plant." The address of the plant is not given. The warehouses also include goods produced by the Marshal Tolbukhin Plant at Gara Iskur and a shop in Gulyantsi, Pleven Okrug, such as windows of different dimensions but identical prices. Even the clients are unwilling to believe such prices.

Other examples of the quality of construction materials at this enterprise in Pleven include mosaic tile and gravel, but I better stop at this point. Why bother the readers with a general statement on the topic of "quality," for those readers are also engaged in the production of goods and know that when substandard work is done their pockets as well are affected. Looking at tons of construction timber piled up at the warehouses and marked exclusively "defective," I asked the sales clerks whether the workers and managers of such enterprises are paid wages? The answer was categorical: "Of course they do, for we keep receiving such goods all the time."

Consumer Spare Parts

Sofia STURSHEL in Bulgarian 5 Jul 85 pp 1, 3

[Article by Nayden Iliev]

[Text] Readers, do not get excited! Nor should you nurture a hope: not enough spare parts are available, nor will they be, for this is the way it has been planned and organized.

What we are discussing here are spare parts for household appliances, parts which are in constant demand to repair the rather whimsical household appliances with which we have stuffed our homes and which, instead of facilitating our life, gradually turns it into a nightmare. This goes on for years on end. However, instead of showing any improvements, the problem is worsening, for this year as well a number of plants and economic trusts of the Ministry of Machine Building have signed contracts with the wholesale trade-spare parts and young technician DSO [State Economic Trust] for the production of no more than 60 to 70 percent of the needed spare parts. Thus, for example, the Svetlina SK [Economic Combine] in Sliven will supply no more than one-half of the necessary small light bulbs for household equipment; the Elprom Plant in Varna will manufacture less than half of the water containers for boilers and parts for washing machines and cooking ranges; the Anton Ivanov KhZ [Refrigerators Plant] in Sofia will produce a significantly smaller number of parts for refrigerators, etc., etc. This is despite the fact that the Bulgarian State Standard makes it incumbent upon producers to supply the commercial organizations with adequate quantities of spare parts for repairs, warranted or not, regardless of whether the assemblies and parts were produced by the plant or by other enterprises or else imported. In other words, if you produce something, you must provide spare parts.

Again according to the standard, if you import equipment you must also import spare parts. However, the Bulgarkoop VTO [Foreign Trade Trust] supplies no more than 1 percent of spare parts for the refrigerators, television sets, vacuum cleaners and other household appliances it imports. The figure is merely symbolic, sufficient to sneak by the State Standard. In turn, the Telekom VTID [Foreign Trade Import Directorate] imports only two-thirds of the necessary parts, and the trend is to reduce this amount even further next year.

The result? We import expensive equipment for which we pay foreign currency, equipment which, should it break down within the period covered by the

warranty, cannot be repaired. The customer returns the item to the store, the item is discounted or discarded and the state loses thousands of leva in foreign currency.

What is most paradoxical, however, is that on the one hand, there is a scarcity of spare parts, while on the other, they are being wasted. They are being wasted through the fault of producers, merchants and service bases. They are dumped as garbage for lack of a small rubber part, spring or plate. The producer finds it more profitable to ship to the market the more expensive entire assembly than a minor part. Thus, for example, a water return valve for the Perla washing machine, which costs 20 leva, is discarded if it breaks down, for the producer has failed to supply the market with a small rubber part for it, worth 20 stotinki; a water pump which costs 22 leva is discarded for lack of a (semering) which costs 50 stotinki; a 5-leva stove handle is discarded for lack of a plate or spring worth 10 stotinki, etc.

It is true that this may be profitable to the producer but the question is to what extent is this profitable to the national economy and the state?

But even if such items were produced and available, it would be a question for the stores and the service industry to order them. Instead, they prefer entire assemblies which increase their sales volume and profits, for who wants to be bothered with a few stotinki? It is thus that the small parts usually pile up in the warehouses of the wholesale trade--spare parts and young technician. Thus, for example, the warehouse of this enterprise has all the parts of the Aurika washing machine pump. The stores and service enterprises, however, ask only for the entire pump.

Furthermore, no studies are made of consumer demand. There is no information as to what may be found in the warehouses. Here is an example: for the past few months no heating elements for heating irons, produced in the GDR, could be found in Sofia. Meanwhile, a large quantity of such heating elements are gathering rust in the warehouses of the wholesale trade--spare parts and young technician.

Not only they, but many other parts, imported, for which foreign currency has been paid, are gathering rust and becoming unusable in the warehouses of this trust. The reason is that many of these warehouses are unsuitable: a large percentage of them are privately owned houses for which the trust pays about 40,000 leva in rent annually and, on top of everything else, loses from the spoiling of the parts.

Spare parts are also wasted in the service establishments, for their work is based on a system which makes it unprofitable to the technicians to repair old assemblies and parts. Even if such activities become regulated, what would its use be if the enterprises are not producing the necessary small parts, the more so since some plants are already converting to the production of nonrepairable utensils, something like throwaways. The Elprom enterprise in Varna is an example. It recently undertook the production of a boiler with a nonreplaceable water tank. Should this water tank develop a leak from corrosion or a defective weld, the entire boiler, worth 135 leva, must be

thrown out. The fact that valuable metal, labor and energy are also thrown out is another matter.

And what to say about parts of older appliances, found in the warehouses of the Wholesale Trade-Spare Parts and Young Technician Trust and are part of its turnover fund; they account for a significant percentage--20 percent or even more--of this fund. The avalanche is increasing. However, the Ministry of Production and Trade for Consumer Goods forbids the opening of a store where they could be sold at discount prices. Yet there are people who would like to repair their old utensils....

Naturally, the current regulations, which are extremely obsolete and clash with the regulation on the economic mechanism and its interpretation and use in the production and import of spare parts, play a major role in the lack of spare parts.

That is all well and good, but why should the citizen be forced to waste his nervous energy and time in going to stores and service shops, etc., for all these matters? Has he not purchased this appliance to make his life easier? In this case, naturally, the only advice we could give him is to relax: there are not sufficient amounts of spare parts nor will there be.

5003

CSO: 2200/170

BULGARIA

BETTER QUALITY OF INDUSTRIAL PRODUCTION URGED

Sofia RAPOTNICHESKO DELO in Bulgarian 18 Jul 85 p 1

[Editorial: "The Example of a Strategic Branch"]

[Text] At the end of last week, workers from the machine building industry handed to the General Secretary of the Central Committee of the Bulgarian Communist Party [CC of BCP], Comrade Todor Zhivkov, a report and promise about an additional contribution to the struggle for compensating for losses incurred by natural and climatic difficulties at the beginning of the year, and about guaranteeing the fulfillment of the plan for the present year and the 5-year plan. The example of this branch is indicative in many respects.

The development of Bulgarian machine building in the decades following the April Plenum (1956) of the CC of the BCP is unprecedented in worldwide practice. Its distinguishing feature is high and sustained rates, and the positive structural changes radically altered the character of both production and labor. The contemporary material and technical basis that has been created, the rapid implementation of the results of the scientific-technical revolution, and the creation of a highly qualified work detachment are factors which permit this branch to handle the most complex assignments. The indicators for the last six months show impressive results. Despite the difficulties during the first months of the year, connected most of all with limitations in the use of electric power, the machine builders have compensated for their own lag and attained an 11 percent growth in productivity, which raised the planned annual growth by .3 percent. The Resprom State Economic Trust overfulfilled its 6-month program but used only 89.6 percent of its limit for electric power. New, more perfected items are being adopted; they create the conditions for revolutionary changes in equipment and technology. The party's order for rapid growth in machine building as the bearer of technical progress, not only within its own system, but also in the other branches of the national economy, is being carried out.

This has determined the responsibilities which the machine builders have taken on as additional contributions to the compensation for the losses and for greeting meritoriously the Thirteenth Congress of the BCP. The additional production worth more than 200 million leva will include machines, equipment, and parts for sites that have deadlines and which are especially significant from a national point of view; for the construction of 300 small and mid-sized

enterprises; for improvement in the nation's hard currency and energy balance; greater satisfaction of the needs for spare parts, mainly for metallurgy, the chemical industry, and agriculture; for adding greater variety to the domestic market with durable goods with high consumer quality.

The ways and means by which these goals will be attained are essential in the obligations taken on by the machine builders. Their main attention is directed to the effective utilization of technical progress for the further intensification of production, to the early implementation of new items and technologies. The technologies for the production of International Standardization Organization integral designs, electromagnetic valves, flexible automated production systems, new models of professional minocomputers, laser apparatuses, and other devices will be developed more dynamically.

The example of the machine building branch in its additional compensation for the permitted lag at the beginning of the year deserves to be studied in detail and applied to the other branches of industry, in construction, transportation, and trade. It is true that compensation programs are being developed by all enterprises, economic organizations, and ministries; the possibilities are being analyzed; additional reserves are being sought. But there must be a comprehensive approach to the problem, more creativity, and even audacity, are needed.

Our national economy has at its disposal a huge material and technical base. This includes machines and equipment in modern and highly qualified technologies, which unfortunately not being utilized in the most efficient way. At many of them the work schedule is limited to one shift, and several of them work for less than 8 hours a day. The organization of production must be decisively improved, the utilization of production capacities must be doubled and trebled, and based on all this, commodity production during the second half of the year must be significantly increased.

The programs for improving the quality of production contain a huge national resource. Achieving high quality must take place first and foremost on the basis of rapid implementation of the results of the scientific-technical revolution and must encompass all stages of the production process, from the original idea, to the design and construction to the organization of labor. High quality is directly linked to the organization and realization of internal production control. In carrying out this task, the machine building branch again gives us an example. At the Balkankar Scientific Industrial Transportation Trust, they have already applied a system for universal control at the beginning as well as the end of the production process. At almost all economic organizations in this branch, systems of dispatcher control for links within and without the branch have been constructed. This has sharply increased management operativeness and has created the conditions for regrouping efforts, for rapidly including additional reserves in operations.

According to the example of the collectives in the machine building industry, it is necessary for economic leaders, party and social organs and organizations to manifest universal political, educational, and organizational

efforts to mobilize workers and specialists for rapid application of innovations in practice, for personal responsibility on the part of everyone, from worker to minister, in the struggle to make up for the lag, to fulfill and overfulfill the assignments for this year and the 5-year plan as a whole.

12334

CSO: 2200/173

CZECHOSLOVAKIA

CSSR-USSR LONG-TERM ECONOMIC, R&D COOPERATING OUTLINED

Prague HOSPODARSKE NOVINY in Czech No 23, 1985 p 1,6

[Article by Rudolf Rohlicek, Deputy Premier of CSSR Government: "A Future With Certainty; the Program of Long Range Economic and R&D Cooperation Between the CSSR and the USSR Through the Year 2000"]

[Text] "If the exhibition allows us to imagine the results of today, then the Program of Long Range Economic and R&D Cooperation Between the CSSR and the USSR Through the Year 2000 which we have just signed makes it possible to look into the future. It outlines both the joint directions of our economic activity as well as extensive common projects, the implementation of which will be of great significance for the economies of both countries." From the speech of comrade Mikhail Gorbachev at the banquet in the Kremlin in honor of the visit of the General Secretary of the CPCZ Central Committee and President of the CSSR, Gustav Husak, in Moscow.

"Without more closely aligning the capabilities and resources of our countries and more closely integrating our economies it will not be possible to master new tasks, increase our independence from capitalism, or better to satisfy the requirements of our people. We therefore attach fundamental importance to the implementation of the resolutions adopted at the executive level conference of the CEMA member countries on economic issues in June of 1984. The key point for us is economic and R&D cooperating with the Soviet Union, the specific goals and objectives of which have been set up by the program for its evolution through the year 2000 which we have signed today." From the speech of comrade Gustav Husak at the banquet in the Kremlin.

Just one year ago the executive level economic conference of the CEMA member countries was held in Moscow. Since that time all the CEMA member countries have focused their efforts on implementing the resolutions that were adopted. Based on thorough analyses of achieved economic results a joint, long-range strategy for future economic development and mutual cooperation has been set up for the next 15 years, for practical purposes until the end of the millenium. The basis of this strategy is an attempt to better coordinate economic policy and the comprehensive practical utilization of R&D findings. These same objectives are also incorporated into the bilateral dealings of the individual council countries. This was also the case during preparations for the Program of Long Range Economic and R&D Cooperation Between the CSSR and

the USSR Through the Year 2000. The signing of this historic document by senior representatives of Czechoslovakia and the Soviet Union marked another significant step in the implementation of the resolutions of the CEMA economic conference, and in efforts to develop qualitatively new conditions for mutual cooperation.

The program is fully integrated into the development of Czechoslovak-Soviet economic relations, which during recent years have become an indispensable factor in the harmonious and smooth functioning of our national economy and in its ongoing growth. These relations are expanding as well as intensifying, particular emphasis on aspects of the relationship that began to be important in the 1970s. This is evident mainly in more sophisticated forms of cooperation such as international specialization and production cooperation.

These factors have also been involved in the high growth rate of mutual trade and the USSR's increased role in our overall foreign trade turnover, as well as in the need to shift both our economies--as well as the entire community of CEMA countries--to an intensive development path as emphasized at the executive level conference of CEMA countries on economic issues in the middle of last year.

Only in this way will it be possible to fulfill the demanding tasks connected with the further development of the socialist economy, to ensure increase in the standard of living of our people, to deal with the complex external and internal conditions governing our participation in the international division of labor and exchange of goods and, finally, to combat efforts by the developed capitalist countries to disrupt the harmonious development of the economies of the CEMA countries.

For this reason, at the beginning of 1980 we adopted the Long Range Program for the Development of Specialization and Cooperation Between the CSSR and the USSR Through 1990. The 19 main objectives in production specialization and cooperation in the most important economic sectors and another 25 bilateral and multilateral agreements that comprise the program have become the basis for increasing specialized machinery exports as a percentage of total exports to the Soviet Union.

The above program is also the basis for a number of important agreements in priority areas of economic and R&D cooperation - the rational use of power resources, the development of chemicalization and biochemicalization, our participation in the construction of transit pipelines and facilities for the mining of iron ore, the development of nuclear power, etc.

In recent years we have gained considerable experience in the execution of long-range joint projects. At the end of the 1960s and the early 1970s there was the Comprehensive Program for the Intensifying and Improving Cooperation and the Development of the Socialist Economic Integration Among the CEMA Member Countries. We have also accumulated important findings from the fulfillment of Long Range Programs for the Development of Cooperation and Specialization Between the CSSR and the USSR and Long Range Priority Programs of Cooperation Among the CEMA Countries Through 1990.

In practice these programs define the position of our economy both within the CEMA and in terms of our relationship to the Soviet Union. By thoroughly exploiting all the experiences gained and the advantages of developed specialization and cooperation we are strengthening stability in mutual economic relations. The 15-year duration of the Program of Long Range Economic and R&D Cooperation Among the CSSR and USSR is a further guarantee of more intensive cooperation between the developed production resources of each country.

The growth in our economic relations with the USSR will in the near future be concentrated in an internal sectoral division of labor based on specialization and cooperation, because in this way it will be possible to further cover the majority of our needs for enriched fuels, and raw materials and energy, in contrast to the entrenched practice of the mutual exchange primarily of finished products and merchandise for imported fuel and power resources and raw materials.

The main mechanism for implementing the program will continue to be the coordination of 5-year plans and the coordination of the main objectives of long range economic policy. Based on current results and future needs we are assuming that the development will continue of internal branch and internal sectoral division of labor, above all based on direct relationships between economic organizations and worksites of the R&D base.

It is no accident that the first phase of this program involves cooperation in the area of R&D. This may also be considered a qualitatively new approach. Even at the draft stage the program showed that the CSSR and the USSR have an interest in developing more sophisticated forms of cooperation first of all in sectors and fields crucial for R&D progress which are demanding of intellectual resources.

World R&D progress is steadily growing all the time. It is difficult to keep pace with this especially if we are to maintain a corresponding R&D base, since we are a small country. The roughly 180,000 Czechoslovak R&D personnel have, therefore, extensive possibilities within the almost 5 million person USSR R&D base for development and cooperation, especially in view of their significant contributions.

The program presumes that there will continue to be a coordinated and, in some areas, a unified R&D policy, beginning with basic research at the academies of sciences and colleges and ending with applied research, which must be more rapidly integrated into direct production activities of enterprises.

R&D cooperation is now concentrated in fields where the results and the sophistication of current cooperative efforts and specialization guarantee the rapid and efficient payback of invested resources. In the area of material production this cooperation will first of all be devoted to the development, production and implementation of the comprehensive automation of machine building processes, state of the art technology and biotechnological processes. Work will also be done on joint economic research and

recommendations made for the scientific organization of work. Cooperation will also increase in the area of technical standard setting and metrology. A cooperative approach is also desirable to a greater extent in the exchange of technical information and in the coordination of licensing policies.

It is well known that Czechoslovakia belongs among the countries with restricted raw material resources. Deliveries of fuel, raw materials, and energy from the USSR are essential for our economy. The Soviet Union is fulfilling its obligations in this area under much more complex external and internal conditions. The export of raw materials and energy today is possible only by exploiting high-grade coal deposits in the far north, Siberia and Central Asia, where mining conditions are substantially more complicated. The CSSR, just as other CEMA countries, is well aware of this situation and has therefore traditionally participated in numbers of joint constructions projects and other programs. The extent of this participation in such projects is proportional to the share of delivered raw materials and energy.

The program assumes that these forms of cooperation will continue. They include, for instance, participation in the construction of the gas pipeline from the Yamal peninsula, facilities for the mining of ore and its processing at Krivoy Rog, etc.

Many state of the art Soviet exports are now just as essential to our economy as the deliveries of raw materials and fuel. The same is true of the positive impact that their work has on our R&D base.

The general engineering sector plays a crucial role in our industrial strategy. Its sophistication in turn determines the capabilities of the material-technical base of a number of sectors in our economy and serves as a basic precondition for the rapid growth of labor productivity.

The Czechoslovak general engineering sector has always been both an exporter and importer and has also provided a broad assortment of consumer goods domestically. It is clearly impossible to maintain the production of such a broad product mix in view of current developments and R&D progress. Our agenda now includes the further restriction of the product mix and speeding up the lead time between development and production. Cooperation therefore is focusing mainly on improving the quality and speed of development of products in the most modern fields. This includes mainly automation resources utilizing electronics, computer technology with direct application to technical processes, automated machine tools and forming tools with digital programming capabilities, automated machinery for the light and food industry sectors, equipment for the nuclear power industry, cooperation in the automobile industry, in the production of motorcycles, locomotives, tractors and agricultural equipment.

The importance of effective cooperation and specialization may be documented with the example of the chemical industry, one of the key industries for R&D progress. The USSR is concentrating mainly on the delivery of bulk chemicals, energy intensive products, and basic raw materials such as ammonia, methanol,

rubbers, and other basic petrochemical products in exchange for specialty chemicals less energy-intensive in their production.

In the chemical industry just as in other sectors, both countries have extensive possibilities for further improving the existing division of labor. The program offers a number of opportunities for eliminating or reducing the number of products in short supply which we must now import at high prices from capitalist markets. These include primarily dyes, catalysts, very pure substances for microelectronics, sheet materials for construction, etc. For these reasons we are considering producing certain petrochemical materials in Czechoslovakia for export to the USSR in exchange for natural gas.

The program devotes substantial attention to the further development of cooperation in the consumer goods industry. The position of this industry has changed significantly since the early 1960s in the sense that it is now an important source of exports. An adequate supply of consumer durable goods both here and in the Soviet Union is an important motivating factor. This is an area where the demands of the Soviet market are growing rapidly for practicality, quality, fashionability and aesthetics. To develop the consumer goods market the Program projects the use mainly of exchanges of product lines among domestic trade organizations, consumer cooperatives, department stores, and the expansion of the network of state owned sales outlets in both countries.

Foodstuffs and cooperation within the agro-food complex occupies a similar position in the Program. This is to assure that the workers of both countries will have available a sufficiently wide assortment of consumer goods as well as food.

All related fields will be the object of improved cooperative efforts, beginning with the close and traditionally positive cooperation in agricultural and food research through the development of a production base, the modernization and reconstruction of food production facilities, to the development of new technologies and constant innovation of quality food products.

There is also growing interests in mutual transportation. As is evident from the above mentioned facts the transportation of goods will continue to increase. Party and economic agencies of both countries are devoting ongoing attention to transportation capabilities. This has led to the rebuilding of railway transshipment facilities, a new railway terminal in Matovce, the gradual upgrading of the role of automotive transport and the improvement of its fleets, and the expansion of river and ocean transport.

Attention is also being paid to equipment for the transmission of all types of information. The jointly developed comprehensively automated communications system, Intersputnik is a great help to both countries in these efforts.

In accordance with the resolutions of the executive level conference of CEMA countries we consider it necessary under current conditions to make the mechanisms of cooperation within the framework of the council as effective as

possible, so they will be up to the tasks before us in the improvement of the international socialist division of labor and increased efficiency, the timely resolution of pressing problems, and the strengthening of incentive for mutual cooperation. In addition to coordinating economic and R&D cooperation, 5-year plans, and investment projects in areas of joint interests, this involves above all the development of relationships from ministries directly to enterprises, and through to joint associations and enterprises.

The ceremonial signing of the program represented an important step in the further dynamic development of both countries. Now it is above all up to the ministries, R&D facilities and economic production units to build upon the work of those who already have extensive experience in economic and R&D cooperation with the USSR and who will play a critical role in the implementation of the Program.

One should not expect the formation of ideal conditions at the very beginning. Only through practice itself and the search for paths to implement improved forms of cooperation, including above all direct ties between economic and R&D facilities, can enough experience be accumulated to allow some generalization in the form of generally valid principles. This is the quickest way to develop the proper legal pricing and financial conditions to facilitate cooperative programs, and so that mutual relationships may continue to develop on the principle of mutual advantage and balance.

The rich history of Czechoslovak-Soviet relations has demonstrated sufficiently the importance of our alliance with the Soviet Union for assuring the safety of our country and the economic development of Czechoslovakia under the conditions of a class divided world and the untiring aggressiveness of imperialist forces. The Long Range Program of Economic and R&D Cooperation Through the Year 2000 develops the conditions for the lifting of this cooperative activity to a qualitatively higher level. It thus becomes one of the most important bases for the preparation of drafts that will be submitted to the 17th CPCZ Congress. It is also a firm basis for assuring the future economic and social development of the CSSR.

9276

CSO: 2400/492

CZECHOSLOVAKIA

PROBLEMS IN LOGGING SLOVAK FORESTS

Bratislava NOVE SLOVO in Slovak 11 Jul 85 p 5

[Article by Prof Engr Stefan Korpel, doctor of sciences, Faculty of Forestry at the Advanced School of Forestry and Lumbering, Zvolen: "The Forest Suffers From Utilitarianism"]

[Excerpt] In fulfilling the constantly increasing demanding tasks of the socialist national economy several tendencies which seek the application of short-term economic indicators without the required attention being paid to the lawfulness of the natural character and long-term effects in the forestry industry are occasionally manifested. Long-term efforts to give priority to technical and economic aspects of the forestry industry at the expense of cultivation and production factors have negative effects upon the status of forests, particularly on their resistance to disease but also upon their production capabilities.

It was at the end of the 1950's and the beginning of the 1960's that the principle was being enunciated that extraction is not dependent upon the status of reserves and their growth increments but that growth increment (wood production) is actually a function of extraction. Such an incorrect publicizing of a thesis which is of limited value with respect to selected forests and natural forest tracts and applying it to forests in the lumber extraction industry means a serious threat to the production substance and the functional effect of the forest.

Extraction volumes which exceed the indicators according to growth increments cut into the production substance of the forest and also are counter to efforts to maintain the area devoted to forests (by increasing so-called reduced clear-cutting) represent a concealed crawling form of deforestation, particularly at high altitudes, where areas which have been denuded by extraction not only take a long time to renew themselves but the prematurely reduced stands are difficult to augment.

For quite some time now the demands of the wood processing industry and of the export trade have been increasing with respect to better quality assortments which are far in excess of the assortment structure of our forests. This is true to an increased extent with respect to deciduous trees (oaks, beeches). Although excessive and actually unrealistic requirements in this area have

been fulfilled during recent years, this has been accomplished at the price of a constantly deteriorating status of forest stands and a threat to the genetic base of our most valuable economic timbers. More demanding assortments are virtually stolen from larger areas, frequently still from unripe preextraction stands which still have a high growth increment capability. Occasionally, nonquality stands are cut to yield larger volume so as to attain the required amount of demanding assortments (fictitious utility) and part of the logs containing inferior assortments of wood are left at the stand location without being processed. Because the assigned quotas (volume of extraction) on paper equal the volume of deliveries without showing so-called self-production volume or excesses left over after extraction unrecorded and officially undocumented excessive extraction results which, according to rough estimates, is considerably in excess of the 5-percent limitation. If we consider the officially admitted excess extraction and also take into account the fact that in some regions (at some forestry enterprises) which have more better-quality coniferous timber extraction for several years has been running at 30 to 40 percent over the balanced quotas, the tendency that the status of forests in the Slovak Socialist Republic which have a production function are deteriorating cannot be denied.

The still unripe and productive part of our reserves as the most important component of quantitative and qualitative timber production must not be permitted to be depreciated in the interest of existing demands for assortments through the medium of the perverse application of premature lowering of stands and the premature impoverishment of the forest by the taking of the most high quality components. Currently, we are frequently fulfilling unrealistically high plans for wood assortment by taking trees from preextraction stands (normally in age category IV) which have a higher growth increment value. This is in conflict with the basic principles of the economic management of the forest and with principles of the forest economy in general. In prematurely and excessively harvested stands, the conditions for successful and natural renewal are lost as one of the important prerequisites for preserving the original ecological types of timber and, in our complicated conditions, the most resistant and functionally most advantageous natural forest ecosystems.

Negative influences upon disease resistance and the functional capability of our forests is exerted by increasing the areas subject to economic forms of management and extraction technologies which, in the interest of increasing productivity in extraction and in skidding lumber, are constantly less responsive to natural conditions, geographic relationships, and biological production requirements and other functional requirements.

And the technology of extraction and skidding of lumber used in this country will continue to develop rapidly during the period of the scientific-technical revolution. However, it is desirable that scientific findings even from other forestry areas be comprehensively considered so that the scientific approach would not be reduced at the expense of one-sided technification. On the one hand, biotechnology is supposed to create space for effective extraction techniques but the development of extraction techniques and technology must adapt to the required status of the forest more than heretofore. The forest will lose its resistance to disease, its production and functional capabilities if

it adapts to the extreme to the effectivity of technology with its disproportionately high mass. The specific requirement of the valid forestry law that our forests should be managed with differentiated economic methods is being disregarded and constantly more circumvented. The overwhelming majority of forests are being approached in a wasteful manner without regard to their category (forests with specific production functions, as well as forests in protected locations or some national parks). Strip clear-cutting following a windstorm, be it from a clear-cutting or selective economic form, is becoming the most common form of lumber harvesting in our country. This procedure is reflected in the creation of new stands which differ from natural stands in their structure and which guarantee a permanently high production, disease resistance and functional effectivity. The ecological balance and the appearance of the region, the appropriate ecological and regional functionality of the forest are not any kind of romanticism or a subjective requirement. They represent a high and constantly growing value. How much criticism has been heard in this country regarding the tendency to commercialize art, culture, health, sports and other areas of our life where one-sided efforts to gain profit, to obtain an immediate return for every koruna invested, is not justified. Thus, the imperative of gain can also not apply to the forestry industry. During the past decade, the forestry industry has gotten into the enchanted circle of complex problems, the solution of which not only touches the forestry industry itself but all of society. Foresters are not complacent with respect to the status of the forests. Our specialized forestry education systems trained cadres on good specialized and political levels. However, forest managers are bound by the demands of the plan and by economic indicators from other production branches. Nevertheless, it is necessary to point out some negative aspects which are being manifested in the thinking and actions of foresters at a constantly increasing rate. The enthusiastic and even emotional relationship between foresters and the forest is being weakened and is occasionally lost. The number of enthusiasts who wish to preserve and improve the forest is constantly shrinking and the number of those who have attempted to preserve its beauty is already very small. A commercial profit and utilitarian relationship exists with respect to the forest and to all of nature. In such a proeconomic atmosphere, only strict and clear legal regulations can be of help. However, what kind of respect can exist with regard to legal standards governing relationships toward the forest and nature when norms are legally violated for the most serious and functional requirements of the forests, for example, with regard to maintaining the indicators of harvest volume and with regard to a differentiated management approach in accordance with natural conditions?

The current situation is, unfortunately, already so serious that it is impossible to effectively prevent the decline in the production capability of our forests, a specific harvest vacuum in the next decades, the declining health of the forests, the irretrievable impoverishment of the genetic inventory of Slovak forests, the palpable deterioration of the environment without adjusting the volume and assortment of the lumber harvest to a tolerable and scientifically justified level reflecting the status of our timber stands. It must be openly admitted that harmonizing the harvest with the possibilities while maintaining the fundamental principles of arranging the forest economy demands primarily a reduction in the volume of extraction but also a lowering of the

share of the demanding assortments in conjunction with the quality of the stands. Delimitations will have a certain negative economic effect on the wood processing industry. However, it is still less of a sacrifice for the current generation if we deal resolutely with this disproportion than if we knowingly permitted the catastrophic status of our forests to persist in the coming decades. Legal provisions covering the volume of the harvest are not issued only on the basis of proven long-term experience but also on the basis of humanistic principles of socialist management based in the knowledge that today's generation cannot increase its standard of living at the expense of the future generation. The frequent justification of excessive extraction by citing the need for sacrifices in the interest of socialism is not legitimate. In the interest of socialism we can, today, tighten our belts but we cannot sacrifice that which would make the life of our children better.

The unsatisfactory status of Slovak forests has several causes but we consider the following to be the most significant (in the order of severity listed):

1. Intolerably high demands for the volume and quality of extracted lumber which do not correspond to the production capabilities, the structure of the forests, and their functional intent.
2. Contamination of the environment by industrial emissions.
3. The enormously high damage caused by game to seedlings, young and medium stands as a result of the excessive numbers which cannot be maintained by the varietal and structurally changed timber stands.
4. A palpable deterioration in the systematic hygiene of stands as a result of the uneconomical scattering of harvesting individual diseased and damaged trees.
5. Poor remuneration for workers engaged in cultivation and protective activities and, as a result of this, a chronic shortage of labor. The declining extent and the lowering of the quality of cultivation activity, the unwillingness to accept increased tasks while increased financial means are made available as a result of unfavorable indicators of material incentives in comparison with lumbering activities.
6. Economic indicators based on immediate short-term profitability. The prioritizing of production requirements, even those which may be intrabranched related, in favor of all-societal requirements.
7. Little elasticity in adapting technology in the area of lumber production to the multiplicity of natural conditions, terrain conditions, to the structure of timber stands and to functional requirements.
8. Failure to utilize the mass of felled trees, the deferral of harvesting trees in low-quality and ancient tree stands.

GERMAN DEMOCRATIC REPUBLIC

1984 GRAIN PRODUCTION FACTORS PROVIDE ESTIMATE FOR 1985 YIELD

East Berlin FELDWIRTSCHAFT in German No 6, 1985 p 237

[Text] Considering the relatively high 1984 grain yields averaging 71.5 dt/ha [deciton, per hectare] achieved by the VEG [state-owned farm] Plant Production Schwaneberg, could an additional yield increase be possible? On the basis of 1984 yield analyses, the answer to this question from all collectives was an unequivocal yes.

These successes confirm the decisive role played by a higher sense of responsibility, greater accuracy in every kind of work, independent and creative application of every kind of knowledge to the best possible utilization of all production factors by our collectives and their managers. All considerations and created conditions speak well for the stabilization and additional increases of 1985 yields.

We approach the preparations for the 11th SED Party Congress with important economic results and we direct our initiatives toward making a specific contribution to the general, stable and dynamic development of our GDR. Our creative thoughts and actions focus on the problem of utilizing the yield potential of our soil and crops, and the effective potential of the applied funds. Ahead of all considerations is the inseparable relationship between political activity and high economic results. We consider this aspect primarily a challenge to the personal attitude of our managers and their collectives who, through continual political-ideological efforts on behalf of their personal creative contributions, are at the same time motivated on the political level.

The 1984 grain yields reflect accurate work as well as the application of our knowledge such as the use of growth regulators, inventories, functional methods of operation. The relatively low crop losses were favorably influenced by the amount of standing grain and by good harvest weather. With an average yield of 71.5 dt/ha, 1984 was our best year yet. Four years ago we were enthusiastic when an individual plot of winter wheat yielded this amount.

We consider 1984 the starting point of a generally higher yield level. For winter wheat there is a yield difference of about 10 dt/ha between lower and higher quality grain, for winter barley of about 7 dt/ha and for oats of about 11 dt/ha, whereas for summer barley the average difference was 10 dt/ha.

This means that summer barley showed the greatest differentiation between higher and lower quality grain in spite of the application of the same agro-technical measures. These differences are caused, essentially, by the fact that for winter and summer barley we did not correctly recognize reticular spot and leaf fungi, and did not fully master the correct application of growth regulators and also, in part, the right supply of fertilizers.

Crops were so good everywhere that high yields were achieved even in places where winter wheat was grown after other kinds of grain. Our conclusion is that subjective factors have greater influence on the harvest than the weather. Applicable plans for the achievement of highest possible yields include practical experience, scientific knowledge and the production process itself. All measures are directed toward bringing the greatest benefits to the crops.

There are four focal points to the process of stabilizing and expanding future yields:

1. setting high goals, according to local conditions, in planning highest possible yields,
2. broad and active cooperation between specialists, agronomists in charge of crop selection, and managers, in order to mobilize reserves,
3. stimulation to achieve yields beyond those planned up to the goal of highest possible yields in order to give active support to actual changes in planning and economy,
4. economization of all means of socialized production in order to make subjective factors most effective and achieve optimal results in the relation between expenses and gains.

Plans for highest possible yields in 1985 are as follows for our operation:

<u>Crop</u>	<u>ha</u>	<u>plan dt/ha</u>	<u>HEK* dt/ha</u>	<u>percent added to plan</u>
Winter barley	500	60.0	70.0	plus 16.6
Winter wheat	929	66.1	79.0	plus 19.5
Summer barley	250	54.0	61.0	plus 12.9
Oats	240	51.4	58.0	plus 11.2
Total	1,919	61.1	71.6	plus 17.1

*HEK: highest possible yield plan

The yields suggested in applicable highest possible yield plans are close to the practical yield potential. Our competition goal is 3.2 percent (2 dt/ha) higher than the planned average yield of our operation.

At the present time we still see that the surest way to achieve high yields is to have a sufficiently high number of ear-bearing plants for each square meter. For the presently available types of yield structures we aim for the following results for winter wheat:

650 Ae/m² [plants per square meter] times 30 K/Ae [expansion unknown] times 41 g TKM [possibly tons per kilometer] equals 79.9 dt/ha or 600 Ae/m² times 32 K/Ae times 42 TKM equals 80.6 dt/ha.

This plan increases storage risks. New kinds of grain with high individual ear density are increasingly important in achieving our planned yield levels.

The use of reserve crops is necessary for the control of barley yields, especially for summer barley where in the past 10 years the yearly yield increase was only 1.22 dt/ha whereas the total grain increase for our operation was 1.79 dt/ha. These results, based on our analysis of grain production, have convinced us that we should conduct increased experimentation for summer barley in questions of specific crops, the use of fertilizers, fungicides and growth regulators. The standard goal for summer barley in our operation is the optimal yield of 74 dt/ha achieved for our "Salome" brand.

We are making every effort to stabilize and further improve 1984 yields and to surpass, if possible, the highest yield plans of 71.6 dt/ha for grain (net marketable produce).

8889

CSO: 2300/463

HUNGARY

PRODUCTION TAXES ON TSZ ANCILLARY ACTIVITY TOO HIGH

Budapest NEPSZABADSAG in Hungarian 23 Jul 85 p 3

[Summary] Because of a noticeable decline over the past 2 years in certain industry-related work of the agricultural sector, the Ministry of Finance is reviewing the production taxes levied on the ancillary work performed by TSZs.

Areas of prime concern include the agricultural sector's contribution to industry, construction and services. It has been established that the production taxes were unduly high and thereby stifled incentive. Consequently, production taxes have been reduced on materials for the construction industry, wood processing and actual construction work.

The reductions are as follows: from 11 to 7 percent for construction material, from 11 to 5 percent for wood processing and from 13 to 11 percent for construction work. The reductions are retroactive to 1 January 1985.

The authorities are making this review in an attempt to put agricultural ancillary activities on the same tax basis as the industrial enterprises.

CSO: 2500/481

HUNGARY

GANZ PLANT PLEA FOR INDEPENDENCE DENIED

Budapest MAGYAR HIRLAP in Hungarian 5 Jul 85 p 7

[Article by Kristof G. Kocsis: "Ganz Divorce Suit"]

[Text] The Ganz MM [Equipment Works] was established in 1964 with the amalgamation of the Godollo Ammeter Factory, the Kispest Electronic Equipment and Measuring Instrument Factory (EKM) and the Transportation Equipment Factory (KMGY). According to the economic political ideas of the time this fusion was justified by the similar equipment profile and the hope that factories of greater importance would be able to compete more successfully for basic materials. Results did not meet expectations, the volume of basic material did not increase, and to this day the Ganz MM factories are still manufacturing items belonging to their original profile. Their production relations are still exclusively on a joint parts manufacturing basis, and the largest unit, the Ammeter Factory, which was established in 1981 as the last act of the former KGM [Ministry of Metallurgical and Machine Industries] has left the organization by way of the Vajszlo Parts Factory. With this it also lost four technological branches, which it has succeeded in making up only recently. Some of the workers at the Parts Factory are also unemployed for the time being, and the problem was finally eased by introducing external cooperation projects from the KMGY into the factory. The main factory is the EKM, which employs more than 1,200 workers and its management is also responsible for the management tasks of the Ganz MM. Next in size is the KMGY, which together with its Nyirbeltelek unit employs about 960 workers, and finally the Parts Factory employs almost 300 workers. From the development and marketing point of view the factories enjoy considerable independence.

The KMGY of the Ganz Equipment Works has applied for separation. This is not the first time: last year's suit has already been refused by the Ministry of Industry. However, the question appeared on the agenda again last April when at a production conference the workers decided that as of 1986 they wanted to

work under the guidance of an enterprise council. Without exception the voting workers of the KMGY--773 in number--supported the action, while the 1,167 votes from other factories of the Ganz MM supported keeping the present organizational framework (with five abstentions this means all the participating voters).

Thus the decision is again in the hands of the minister, increasing the number of "difficult cases" among those 36 enterprises of the industry where prior to the introduction of new enterprise management forms the individual factory units desire to stand on their own feet.

They Would Like Independence

The preparatory committee of the Ganz MM informed the authorities of the results of the vote by letter accompanied by an attached letter from the managing director opposing the separation. At the plants, the workers' newspaper published both letters without change.

In the first letter the wishes of the collective are summarized as follows: "On basis of the majority opinion we recommend the continuation of the single enterprise framework." In support of this view, they list in the letter a number of the arguments which were presented at the meetings. Among other things, for example, it is said that nothing justifies a separation of plants that are strong in capital and are working successfully. They are also concerned that if the present organic cooperation of the factories is transformed into external cooperation, it would lead to the creation of unused capacities, and they also fear that the division of wealth in the separation would run their investment policies aground. Thereafter the letter is much more reticent when it comes to the arguments justifying the separation wish of the KMGY workers. Among these they merely mention a greater area of mobility for the better satisfaction of market requirements and improving the collective's material situation.

Indisputably, the "majority view" supports retention of the one-unit form, but even in the mere reading of the letter one must suspect whether economic rationality can be decided purely by majority vote. And whether by economic standards it is the rational standard to remain combined. For a more nuanced development of the picture, Endre Kadas, the KMGY director, offered further justification. (and naturally we also visited the managing directorate's office of the plants where they were willing to make their counter-arguments, but did not want to be identified by name.)

In the Transportation Equipment Factory they put enterprise production data first of all on the table. Not entirely 40 percent of the Ganz MM personnel work at the KMGY, but they are responsible for 52 percent of the sales revenue, and what is even more persuasive, this unit makes 60 percent of the profits earned by all the units. The KMGY shares in 77 percent of Ganz MM exports (including about one half of the convertible currency exports), to which must be added spare parts sold abroad and making up almost one-fifth of total sales. These figures explain a great deal.

They explain first of all the endeavor of the equipment factory workers to become independent prior to the formation of the enterprise council. They

rightfully are concerned that they will be at a disadvantage in the enterprise council if for no other reason than the given manpower ratios. In this way the branch of businesses which is developing the most dynamically, is the most profitable and most interested in exports will have the more modest representation on the highest decisionmaking body of the Ganz MM.

The Partition Arguments

The main factory, on the other hand, maintains that the KMGY has nothing to fear. In recent years the internal incentive system has been gradually improved, and now since the beginning of this year it faithfully reflects the results of the factory collectives belonging to the plants. No one disputes this in the Transportation Equipment Factory, they are merely not convinced that after the formation of the enterprise council--when decisions will be made by a simple majority--the more fair distribution now existing will not be changed to their disadvantage. But aside from this, even by their own calculations, they will be able to plan only on a 40 percent production expansion in the next 5-year plan period if the present incentive system is continued. On the other hand, if they could manage their own income they could without difficulty meet the estimated 70 percent increase over the next 5 years in the transportation equipment requirements of the socialist countries.

They call this is pipe dream in the main factory; as has already been demonstrated, sales on these markets are not merely a matter of enterprise intentions but a function of interstate agreements. In any event the economic planners at KMGY have relied on the data of the National Planning Office, and the fact is that in the end someone has to satisfy the expansion in demands. If not the KMGY, then a manufacturer in some other country, but by then the still favorable situation for these items on the socialist market will have grown dim.

At the main factory they also reproached the transportation equipment workers by saying that if they go independent--because of their profitable capitalist export--the present price system would also bring them a greater income from the socialist market. And in fact without any production increase. But the arguments of the other camp must also be accepted when they emphasize that the present enterprise "big hat" will frustrate precisely the intentions of the price system; at present the convertible markets are little interested in boosting prices.

The fiery debates regarding the separations reach their peak for the most part over the sharing of property.

At the EKM they complain that while in case of a separation they will bear the burden of repaying credits received for their own investments, the KMGY will have been able to modernize its manufacturing capacity for the factory unit established at Nyirbeltelek from 15 million forints in area development supports that need not be repaid. Otherwise, too, Nyirbeltelek is the red flag in this debate at Ganz MM. At the plant headquarters they maintain that one-third of their manufacture is of products belonging to the EKM profile; and since recently they have been struggling with serious capacity use problems, the manpower at the main factory is too small, and they have now prepared to move new products to Nyirbeltelek.

On the other hand, at KMGY they believe that 90 percent of the production at Nyirbeltelek is for them, and they have offered that in case of a separation they will go on producing the items in question under cooperation agreements.

Waiting for the Decision

But cooperation projects are what they rely on the least at the main factory; they say that 4 years ago when the Ammeter Factory separated they suffered some rather bitter experiences. The Vajszlo Parts Factory was established among other things to ease the growing parts hunger of the Ammeter Factory, and although they "promised" at Godollo at the time of the separation not to look for new sources, today--and who can blame them?--the Ammeter Factory is buying its necessary parts from a source that is closer and more economical. But this led to a capacity use problem at Vajszlo. At present it places half the Parts Factory production at KMGY, the other half at EKM. And thus they are concerned over what would happen if instead of deliveries within the plants half their production would go to external cooperation projects under market competition.

After all this, it appears to the observer somewhat that the Ganz MM gives too big of a role to promises. They trusted in the agreement they signed with the Ammeter Factory, and they also are supposed to believe the transportation equipment factory workers that when the enterprise council is established their interests will not be damaged. But still, promises and economic necessity are two different matters.

And of course the leader in the enterprise council--if he wants to maintain his position--can hardly argue with economic justifications other than those representing the majority of the body. At the Ganz MM they call the separation attempts of the transportation equipment workers a matter of group interests. The Ministry of Industry is faced with the difficult task of deciding whether the group interest of the smaller factory or the larger main factory is linked to the greater gain of the economy as a whole.

After the above article was written Zoltan Marki, the party secretary of the Ganz MM, informed us that they have received the position in principle of the Ministry of Industry. It recommends that the Transportation Equipment Factory be organized into an affiliate enterprise.

6691

CSO: 2500/447

HUNGARY

FODDER DISTRIBUTION SYSTEM DEEMED UNSATISFACTORY

Budapest FIGYELO in Hungarian 11 Jul 85 p 21

[Article by Mrs Lajos Laszlo: "Pig in a Poke"]

[Text] Of the nearly 70 billion forint fodder cost for raising livestock the feed grain represents 55 billion, and within this the protein feeds, 11-12 billion.

Today half of the feed grains (about 6.5 million tons) and all of the protein feeds (1.2 million tons) find their way to the users through an intermediary step of the sales network.

The changing fodder market is also helped in part by the specialization and concentration of livestock raising, by the emphasis the product producing viewpoints prevailing in the economic operation of the agricultural enterprises are gaining, and in some places by the sales income requirements of the capital-poor operations. Thus the selling of fodder nowadays also offers an opportunity in a certain format (resale) to obtain income, which increases the cost of livestock raising which is already high to begin with.

Large Number of Resellers

Since 1980 Hungary has had free sales for fodder. Restrictions exist only for protein feeds. But even this does not mean a monopoly situation for the Grain Trust (GT), as the Fodder Association was formed in 1977 with the participation of the agricultural combines of Agard, Babolna and Kornye and it is also authorized to deal in protein fodder. But the GT continues to control the majority, about 68 percent of the protein used.

The GT not only buys the various fodder components but in some cases also has supply obligations. While it is fulfilling some "expectations" of the national economy it is operating as an enterprise, that is, it is profit oriented. For understandable reasons it is sometimes difficult to live up to this dual task to the public's satisfaction.

According to the research done in this topic by Dr Marta Stauder in the Agro-economic Research Institute, in 1984 the GT purchased from the agricultural operations 83 percent of the cereal grains and 27 percent of the

corn. Besides implementing the constantly increasing purchasing tasks the GT is primarily responsible for the country's reliable fodder supply.

In some places restrictions hinder the free sales of fodder. Those who participate in the multichannelled sales of fodder are not operating under completely identical conditions.

In addition to the business networks of the central fodder industry and of the fodder associations the AFESZs [General Consumer and Marketing Cooperatives], the TSZKER [Producer Cooperative Sales Enterprise], the ZOLDERT [Vegetable and Fruit Sales Enterprise] and the SZOVOSZ [National Federation of Cooperatives] also participate in fodder sales, primarily in supplying the small producers, even if with smaller quantities. The grain industry has 1,116 of its own sales locations, the consignment operations have 499; the number of resale businesses has swollen to 4,521 in the last few years.

Distribution Instead of Selection

One of the things which accompanies multichannelled fodder distribution is that in general sales costs have increased. In connection with this it has also occurred by now whether so many fodder stores are necessary at all. According to the most recent statistical data there are 109 cities and 2,955 towns in the country. The small producers may obtain their fodder in over 6,000 sales locations, and yet the supply can not be considered satisfactory. Most of the time selection is limited because it appears that the "distribution" principle prevails here too. In many cases the food needed is the one not available.

The feed stores supposed to supply the small producers are in general operating at a loss due to small volume. Therefore it would be justified to review and if necessary, correct the present system of fodder sales, and the unjustifiably large number of stores. In many locations two feed sellers are operating next to each other, with small volume and lacking merchandise selection.

The handling of export-import is also closely connected to feed sales. For years the principle has prevailed in export that only surplus can be exported. This is the reason that corn export plans generally remain only plans due to the additional domestic consumption in spite of the fact that corn export offers one of the most profitable opportunities of obtaining foreign currency.

Each year 1.3-1.4 million tons of feed are exported through the Dried Goods Export Company and the AGRIMPEX [Agricultural Foreign Trade Enterprise], but the GT's representatives also participate in the foreign trade work. The agricultural operations are complaining about the lack of "back-distribution" of the considerable export profits.

Quantity Versus Quality

The import of protein fodder takes place as a function of the domestic resources and foreign currency possibilities. The AGRIMPEX tries to make decisions among the import sources with the knowledge of the demand. But the seemingly free choice runs into several restrictions. Because of the foreign currency reasons already mentioned, they endeavor to purchase on credit which in itself represents a restriction. In the interest of quantity often the quality demands must be yielded. It is very unfavorable from the viewpoint of producing animal products that the importing is not done in terms of protein equivalents. This is why it also occurs that even though the quantity meets the plan's projections, this is no guarantee that sufficient amounts of usable protein also comes into the country. This is a dangerous thing also because the quality of the domestic protein feeds is not exactly beyond reproach either.

The feeds are very expensive in comparison to the grain fodder prices. The practically constant climb of fodder costs can not be fully explained with the price fluctuation of imported feeds. The 45 percent difference between the price of grain corn and fodder has only a partial connection to the high price of imported proteins because the ground sunflower, alfalfa flour, powdered milk, blended animal protein flour and the feather flour are put into the fodders at unrealistically high prices which exceed their real feed values.

Falling Protein Prices

Besides all these things for several years there has been such a high degree of unjustified price differential between imported protein prices and grain fodder prices that this no longer encourages the producer to feed blended fodders needed for more efficient and better quality products.

In order to analyze the domestic and world market fodder prices the Agricultural Research Institute examined in the average of several years (1980-1983 the price proportions of grain feeds and of the main fodder types. It was proven that the composite world market price of grains is 70 percent higher, and that of the import proteins is on the average 4 percent lower than our domestic prices. The foreign market values corn 50 percent higher than the domestic wholesale price. Therefore the present corn prices do not encourage frugal treatment of corn.

In the case of protein feeds the high domestic price level developed and became conserved presumably because of the fluctuation of the world market prices. That is, this way the fodder prices did not need to be changed as often. Domestic protein feed production could also be encouraged only by high producer prices.

But observing the world market price movements in the last 2 years a definite decrease can be felt in the price of protein feeds. According to the average Rotterdam harbor price of February 1985, Class I ground soya is \$166 and Class I fish meal is \$324 per ton, compared with \$265 and \$497 per ton, respectively, in 1983. The 37 percent price decrease of ground soya and 35 percent of the fish meal as well as the continued high price (\$140 per ton)

of corn call attention to it that the domestic protein fodder prices--in the interest of making better quality feeds--should now be decreased, and the price of corn increased.

More Could Be Exported

We could make the price ratios of corn and protein fodders approach the healthier price ratios which have developed on the world market at the cost of the smallest sacrifices by leaving the price of corn unchanged for the time being but strongly decreasing those of the protein fodders. This step would result in increased production in the national economy even if the state supported the prices of protein fodders, because as a consequence of more efficient fodder utilization the export merchandise base thus made available would apply cover the expenses necessary to support the protein fodders.

This price correction would also be necessary because the difference between the fodder's price and quality is causing greater and greater tensions in livestock raising.

The interest of the producers is to be able to get more and better quality feed at attainable prices. They are forced into this by the increasingly demanding character of the market they sell and by the rather depressed animal product prices they have had for an extended period of time. The increase in pork production by small producers and the lower slaughter value of hogs produced here than that of the large producers also urges improvements in fodder quality. In addition to all this, regeneration of the broiler branch can not be imagined either without improving the quality of the domestic grain feeds and prepared fodders.

And finally it is worth emphasizing that there is still too much unnecessary transportation in selling fodder. The several million forints of cost contained in this makes production more expensive. Therefore in addition to centralized production of concentrates it would be justified to further increase the number of local fodder blenders. This economic necessity is unfortunately contradicted by the fact that the Grain Trust and the fodder associations give advantage primarily to their own enterprises and sales locations in the distribution of the scarcely available valuable fodder raw materials. Thus the blending plants can not compete with the GT blenders with respect to either opportunity or sales. For this very reason the capacity of blenders operated by agriculture (due to the lack of raw materials) often remains unexploited and can operate at only very low efficiency.

8489

CSO: 2500/449

POLAND

PLANNER DEFENDS CEMA COOPERATIVE POLICY

Warsaw RZECZPOSPOLITA in Polish 25 Jul 85 pp 1, 5

[Interview with Stanislaw Dlugosz, Deputy Chairman of Planning Commission, by Tomasz Bartoszewicz; date and place not given]

[Text] [Question] Let's begin with the concept of reorientation itself. Please recall its meaning, although the term itself is often resented.

[Answer] Indeed, although "reorientation" seems to have become a term commonly used by Polish commentators, this is not entirely a relevant term. It sort of implies the orientation was different before. But that's not true. It would be more accurate to speak of a qualitative and quantitative boost to processes of economic cooperation with Comecon (Council for Mutual Economic Assistance) countries, which mirrors the progress being made toward an integration of their national economies. But since "reorientation" has come to be used widely, let it be.

[Question] What you are saying suggests this matter has a broader dimension than just that of a domestic Polish matter.

[Answer] Indeed, this process involves not just Poland alone, although in the early 1980s it was probably most conspicuous in our country. I think I can venture to say that all Comecon countries have embarked on a reorientation in this specific meaning of the word.

[Question] For what reason?

[Answer] First recall that, already toward the end of Jimmy Carter's Presidency, the West dropped the idea that East-West economic cooperation should be a tool for building the material foundations of peaceful coexistence. The rules laid out in the CSCE Final Act were gradually abandoned, which could be seen from nato's illegitimate January 11, 1982 decision to impose restrictions upon Poland, for example.

Moreover, at the turn of the 1970s and the 1980s the socialist countries temporarily recorded a slowdown in their economic growth or even a regress, as did Poland and some other socialist countries. That was in part an "echo" of what was going on in the world economy at the time.

About that time, too, all countries in the socialist community of nations faced the necessity of dropping extensive economic methods for intensive ones. This was strongly underscored during last year's Comecon summit in Moscow which was devoted to scientific progress and economic efficiency.

Urgent tasks were thus put before us, the resolution of which determined East-West competition. Above all, this involves modernizing our products, which will mark progress in living standards in addition to safeguarding our community's fundamental defense interests. With an eye to this, the Comecon countries resolved to focus their attention primarily on reliance on our joint potentials. But we have been insisting on our willingness to cooperate with the West as long as the principles of equal rights and mutual benefits are respected.

[Question] Still, the idea of reorientation has been under heavy fire from those who oppose it. For example, many economists here and in the West argue the Comecon market's possibilities boil down to the Soviet Union.

[Answer] How untrue this contention is can be demonstrated already. First, preliminary results of talks on the coordination of national economic plans with the other socialist countries show that trade growth rates during the upcoming five-year plan (at constant prices) will be higher on the whole than the corresponding indicators of chief economic processes which have been envisaged in the Polish five-year draft plan [for 1986-90]. Next, consider that the highest rates of "trade growth are anticipated for the most R&D-dependent industries" (i.e. the engineering and chemical industries). Third, the socialist countries have done really an enormous amount of work among themselves to conclude, or at least prepare, economic and research cooperation programs extending until the year 2000, along with implementing agreements that include lists of specific research topics and timetables of research ventures. Fourth, it looks as though cooperation with the other Comecon countries will be growing as quickly as cooperation with the U.S.S.R.

[Question] But the main argument the opponents have been advancing is that the national industries cannot be modernized by relying on technology transfer from socialist countries alone.

[Answer] If you consider that industrial output in 1984 reached some 95% of the 1980 industrial output, and that imports from the West last year were only 61% of those of 1980, then you will see that, despite such a dramatic drop of imports from the West, Poland has recorded relatively good effects in industries which are dependent on technology imports. For instance, in 1984 the engineering industry's output reached a level of more than 99% of that of 1980, even though Western imports of goods for this industry were a mere 55% of the 1980 level.

[Question] But exports of engineering products have slumped, haven't they?

[Answer] This is largely true, but then you should realize the one effect of the worsening climate in relations with capitalist countries was that Western companies, under pressure from their governments, broke numerous cooperation

ventures, and this was a blow to our exports. Another negative factor was the general economic slump in most Western countries. Apart from all that, though, let us frankly admit that the economic instruments we have been using have failed to make very producer really "aggressive" in seeking export possibilities.

But, to return to our main topic, it should be realized that the West is currently waging a fierce policy of strategic embargo toward socialist countries, and not only those belonging to the CMEA but also toward China, for example. All that creates a situation in which scientific and technical progress emerges as the chief arena of cooperation between East and West. It is remarkable that, notwithstanding the many contradictory interests articulated during the recent EEC summit in Milan, decisions were nonetheless made on priorities of growth in the area of R&D. In most cases, the pick of topics in Milan was largely similar to those priorities which were adopted by the Comecon countries.

[Question] The critics further said the Comecon's economic growth rates will be relatively low in the near future.

[Answer] These allegations are based on erroneous forecasts. By now even Western sources (among them, OECD analysts) admit that the Comecon as a whole has been quite successful in its bid to respond and adapt itself to the crisis in the world economy. Analyses done by UN experts indicate that our community should return to the decent growth indicators in the upcoming five-year plan. The Comecon market is an expanding one, especially if you recall its governing principle whereby economic cooperation must grow at a higher rate than industrial output. Another powerful boost is now coming from the progressing decentralization of cooperation, as can be seen from the growing number of direct contacts individual enterprises from different Comecon countries set up between them.

[Question] But the most persuasive argument advanced by those opposing the reorientation is probably that imports of components and subassemblies are difficult to submit to substitution.

[Answer] This is partly true, but only partly, not entirely. Practice has shown that in some areas, say in shipbuilding, analogous products could be found in Comecon countries.

Generally, let me stress that a process of making ourselves independent of Western technology has been started and is gaining momentum in all Comecon countries. This is one of the indirect consequences of the embargo imposed on us.

[Question] Raw materials appear as the latest "argument" advanced by the opponents of the reorientation. THE WALL STREET JOURNAL went as far as to say (on June 18) that Poland's part in deals on joint investment in Comecon countries is tantamount to giving credits to these countries.

[Answer] Continuous and sufficient deliveries of raw materials are of fundamental significance for our national economy. The closer we will be able to establish ties with Comecon countries, the better will be the Polish economy's provision with raw materials and energy. We have been getting raw materials from Comecon countries in one of four different ways, namely as deliveries resulting from the coordination of socio-economic plans, joint investment ventures, various barter transactions, and assistance through cooperation (with Comecon's developing countries--Cuba, Vietnam, Mongolia) in the activation and processing of natural resources.

Western propagandists are especially anxious to contrive insinuations against what are called joint investment ventures. They put a sign of equality between any individual country's share of the investment cost burden and credit operations. The purpose of this trick is to mislead the public into believing that the same rules which govern banking and finance in the Western world also hold for the socialist community; those rules, by the way, were aptly described in the April issue of MEZHDUNARODNAIA ZHIZN by M. Volkov as the "neo-colonialism of creditors." The truth is that cooperation inside Comecon boils down to the joint development by several countries of natural resources and fuels. This is not "crediting" but joint financing which guarantees many years of access to much-needed raw materials and fuels. Incidentally, it is regrettable that our press should be so reluctant to treat cooperation inside the socialist community in detail.

[Question] To conclude our talk, why do you think there has been a resurgence of attacks against the concept of reorientation in the West right now?

[Answer] The West is criticizing the reorientation because it sees this idea is working fine. So they are undertaking efforts to push us from this road.

CSO: 2020/186

POLAND

MINISTER OUTLINES FUTURE REFORM PLANS

Warsaw RZECZPOSPOLITA in Polish 30 Jul 85 pp 1, 2

[Interview with Wladyslaw Baka, Commissioner for Reform, by Janusz Kotarski; date and place unknown]

[Excerpts] [Question] The Sejm's Socio-Economic Council said in its assessment of the draft law on changes to some laws governing the economy that a great many of the proposals submitted at the Poznan conference [on economic matters organized by the PZPR] failed to show up in the draft bill received by the Sejm. Perhaps the bold plans mapped out in Poznan are now being replaced by a more tentative approach implying that as few modifications should be introduced into the reform as possible?

[Answer] This is a misunderstanding. Both before and during the Poznan conference many different views were expressed on the reform.

Immediately after the Poznan conference an enormous amount of work was done. All suggestions and proposals were analyzed. As a result, a new version of the original study was presented which took account of the conclusions from Poznan and which was considered and approved by the Council of Ministers on July 5. That study, called "General Guidelines for the Future," was included in the report on the reform's progress in 1984 published as a supplement to RZECZPOSPOLITA. The report is composed of 114 theses and is essentially a Government-approved comprehensive program of actions for the promotion of economic reform. All results of the Poznan conference were taken into account in that report.

[Question] But if the program is as broad as you are saying, then why are the changes envisaged in the draft bills so modest in scope?

[Answer] To put the program into effect, we must apply different measures. Some things can be done without new legislation. Then, there are things which can be done on the strength of legal acts of a lower rank or of administrative decisions, such as enhancing the scope of self-financing in convertible currencies, stabilizing currency allowance rates, or establishing branch-wide rather than individual rates for enterprises. Thirdly, certain things can be done with reference to the binding National Socio-Economic Plan or the given annual plan. Fourth, previously passed laws can be invoked to introduce some

changes; one example of this is the law on counter acting monopoly practices in the economy. Finally, some proposals make the necessary new laws in the form of amendments. The draft bill now submitted to the Sejm concerns precisely this category of changes. It is therefore a misunderstanding to equate it with the entire program of actions designed to strengthen the economy in 1986-90.

[Question] But a team of experts working for the Sejm has recently warned that the reform may be losing its momentum. Do you think the implementation of this program can ward off this danger?

[Answer] Yes, I'm sure it can. We all agree that the economy's success depends primarily on the utilization of what is referred to as simple reserves. But these reserves have been inexorably depleted and they cannot be expected to constitute a significant factor in 1986-90. Permanent development and high efficiency can therefore result only from fundamental structural transformations. This is a stage we have yet to start. For, although we have already implemented a healthy kind of enterprise, correct personnel selection, better coordination of individual with group interests, and welcome changes in social consciousness, we are constantly in need of new initiatives and ingenious and bold methods. The call for today, then, is to speed up our progress and to adjust it better to future conditions in order to extricate ourselves from our crisis as quickly as possible. This is the gist of the Government-approved program for developing the national economic system.

[Question] "Getting out of the crisis--that is no goal at all" said Professor Janusz Tymowski in an interview with SZTANDAR MŁODYCH.

[Answer] I agree. The Government, for its part, has been giving expression to this belief in its practical moves. The adopted directions of development presuppose an orientation to modernity and efficiency in the economy. There are already many beginnings of this future development. There are enterprises which have surpassed considerably their output and productivity rates from before the crisis, and they are determined to achieve even better effects.

[Question] But the reality is more complex than the way you present it. Many enterprises refuse to acknowledge that they are in for hard times, that the shortage of raw materials and other factors of production is anything but a temporary development. They keep drawing up plans envisaging high rates of fuel, energy and material consumption, and they want to recruit new labor.

[Answer] I think there are two facets to this question. For tactical reasons enterprises often tend to conceal their actual potentials, coming forward with excessive demands for production factors in the belief that they can somehow wrench out more production. This is the pragmatic aspect of this question. But there is also the question of implementation. Many enterprises are facing some objective but more often subjective obstacles to improving efficiency.

One thing is certain: enterprises must encounter as difficult conditions in their operation as the entire national economy does. Otherwise, no tangible

progress should be expected. If some enterprises have a comfortable life and encounter favorable conditions, the rest of society has to foot the bill for this in the form of shortages of goods, inflation, and poor satisfaction of needs. It is therefore imperative to define conditions of operation for enterprises in accordance with the actual raw-material, foreign-exchange and investment supplies available. Relentless economic pressure is the only way toward economic efficiency and thus toward breaking the vicious circle of poverty and privatization. No element of the economy except the individual enterprise can conceivably push through this bid. Managers who hope to keep to the old ways will therefore find no more leniency at ministries or at the Planning Commission. Unless they change their ways they'd do better to start looking round for new jobs. This, incidentally, is true not just of enterprise managers but also of economic administrators of higher rank.

[Question] Tough talk, this. What about worker selfmanagement bodies?

[Answer] It is tough talk because this is a serious matter. As the reform is coming of age it is increasingly clear that managerial skills are the ultimately decisive factor in the economic process. The thing for us to do then is to raise the social status of managers, to reinforce the unity of their rights and responsibilities, and to apply objective criteria of evaluation. At the same time, though, directors should be required to make full use of their ability to act independently with as much benefit for the workforce as for society. As far as worker selfmanagement is concerned, experience shows that such bodies hardly ever bar the development of new attitudes on the part of enterprise managers. The opposite is true--wherever workers have a strong selfmanagement body, enterprise directors are first-class managers, and vice versa.

[Question] But a great many bitter words were said at the Poznan conference about the work of the central economic authority...

[Answer] The critical voices heard before the conference and during it were generally justified. Administrative organs have many sins to confess. Some mistakes could have been avoided, others probably couldn't. We are all learning the new economics and new rules of the game. Besides, if we lift the bar higher for enterprise directors, we must also raise requirements for those holding high-ranking posts. If the central economic authority makes a blunder, the effects are exponential in character. I do admit this is a very difficult problem, as my own experience of several years has taught me. A great deal must be changed in the style of work of the central economic authority, in the way this authority influences enterprises, if charges such as inconsistency, arbitrariness, improvisation etc. are to disappear gradually. I'm sure some progress has been made recently. The Council of Ministers Chairman has appointed an inter-ministry team including Government ministers for drawing up specific regulations and concrete decisions to introduce the guidelines for the economy's functioning in 1986-90. That team of experts has already done a lot. Its work should add to the quality and consistency of the central economic authority's work and hence make the central management of the economy more efficient.

POLAND

DEBT RESCHEDULING AGREEMENT ASSESSED

Warsaw POLITYKA in Polish No 30, 27 Jul 85 p 4

[Article by Jacek Poprzeczko: "The Paris Compromise"]

[Text] Just what is the significance of the July 15 agreement with the Club of Paris for the future of Poland's foreign debt?

Lest us first look at a few figures, which of course are estimates and rough approximations only (because, among other things, funds in various currencies are expressed in terms of dollars, and also because the debt includes obligations of different maturities and payoff terms). This circumstance alone shows what kind of matters the bankers have to deal with. As they look for the best solutions they have to take into account many different factors, each of which varies with time at a rate and speed difficult to foresee.

Estimates made in May this year indicate that Poland owes the Western countries 27.4 billion dollars. More than half of this sum is composed of government-guaranteed credits. The Paris agreement concerns some 12 billion dollars which were to be paid off between January 1, 1982, and December 31, 1984. Guaranteed credits were not paid back during that period because governments of the creditor countries broke talks on this matter following December 13, 1981, and in connection with the economic sanctions, the credit shortage, and the general financial plight Poland was unable to meet its obligations. Relevant talks were held only with commercial banks, which hold the remaining part of Poland's foreign debt.

The most fundamental question in this is not so much the payoff of the debt itself, that is, quite simply, the reimbursement of the borrowed money (the principal installments), but the servicing of this debt, that is, the repayment of the interest our creditors are entitled to. From their point of view, they do not care where the money is invested as long as it bears interest. That is why it is usually possible to negotiate a rescheduling of the principal installments. For an indebted country, in turn, the volume of the debt is important because it is in reference to this debt (and to the interest rate) that the yearly interest depends, and thus the national economy's real foreign debt burden. Now all these considerations must be taken into account in order to assess Poland's financial situation properly. It is difficult not because the debt involves a huge sum but because the volume of foreign-currency revenue is too low to finance the indispensable imports and interest on the debt.

The deal with the Club of Paris, which concerns guaranteed credits the repayment of which must be negotiated with government institutions, was made on the ground of rules similar to those governing previous such deals with commercial banks. Generally, the point is to reduce the payments balance's current burden, to give the economy a "breathing spell," and, on the other hand, to pay back every year as much as is feasible to order to forestall any excessive cumulation of obligations in the future. In finance, time is as important a factor as money. The previous deals with commercial banks made the current repayment of some obligations possible. But since no agreement was struck with government institutions, the unpaid interest kept growing, thereby enhancing the overall debt. The deal, which was initialled in January this year and signed now, defers the repayment of the entire principal, along with the interest due for 1982-84. The payoff is to begin in 1990, following a five-year grace period, and is to last until 1995.

Now what does this mean in practice? Throughout this time and also during the grace period Poland has to pay the interest on the overdue debt if it wants to prevent this debt from growing. The exact volume of this interest is to be decided in separate, bilateral talks, and all one can say about it now is that it will depend on the interest rate determined by the international capital market.

What about the payoff of the remaining debts, i.e. those due in 1985 and later? A rough estimate indicates that once Poland has worked out the future of the 12 billion dollars of 1982-84, it still has to clear some 5 billion dollars in guaranteed credits. Talks on part of this debt are already well in progress, and talks on the rest are about to begin. However, it is difficult to say exactly how much money Poland will have to pay back, say, in 1986.

In 1985, Poland's obligations (including those toward commercial banks) amount to some 2.2 billion dollars. To meet them Poland needs a surplus of exports over imports in convertible currencies. Just as in 1984, this surplus will be in the range of 1.5 billion dollars. This gives some idea about the factors which--apart from formal ones--decide Poland's ability to pay off its debts. Should a gap appear in the balance, and should it prove impossible to fill with other revenue, then Poland can go one of the following three theoretical ways: first, to increase exports; second, to cut imports; third, to seek new loans. Import cuts are out of the question. Imports have been shrinking systematically from their 8.8 billion dollar level in 1980 to 4.3 billion in 1983, growing only slightly to 4.4 billion last year, but export potentials are known to depend on the volume of imports.

The matter of new credits should be considered then. In 1980 Poland availed itself of long- and medium-term credits totalling 8.8 billion dollars. Analogous loans for the subsequent years were (billion dollars) 4.9 in 1981, 1.5 in 1982, 0.6 in 1983, and 0.2 in 1984. Last year, we paid cash for as much as 70% of our imports from convertible currency markets. Expanding our possibilities to use new credits, which will be negotiated in bilateral talks with the countries represented in the Club of Paris, is simply a necessary condition for normal trade and normal international cooperation. And it is in this sense, above all, that this matter is connected with Poland's debt servicing problem.

The ultimately decisive factor in this--and in the Polish economy's future viability in general--is of course Poland's ability to increase exports. But exports and the debt are in a feedback type of relationship. The greater and the more effective will be Poland's exports, the easier it will be for this country to cope with its debt; and the smaller the burden of foreign obligations Poland will have to bear--and so the greater the amount of money that can be spent on importing goods--the brighter the changes Poland will stand in its bid to increase exports.

Poland may be compelled in the near future to add part of the interest to the principal, which means the debt will be growing by the amount of interest we failed to pay. At present the debt is projected to grow until about 1990-91, when it will stabilize at a level of roughly 34 billion dollars. Only then will it be possible to make the choice between the alternative of keeping the debt at that level paying the due interest year in and year out, and reducing the debt by paying off the principal in installments, or even--for this too may prove advantageous under particular circumstances--to let the debt go on growing.

This is the general picture. It may change, depending upon circumstances, above all on the situation with exports. Was it possible for Poland to get another deal in its negotiations with Western partners? This question was hotly debated, especially by experts, and echoes of those debates could be noticed in this weekly too.

The Paris deal, like all others of its kind, is a compromise. Besides, it is just a general frame. Specific details--including some of first-rate importance, by the way--are to be negotiated in bilateral talks. The signing ceremony was publicized as a spectacular event by the world press, but it was just one step in what is a long and painstaking process, and even only a formal step, if one considers that what was signed now was a settlement which was initialled already in January.

Yet this loud reaction is not really surprising, because even this formal dimension of this event carries not only economic but also political significance with it. The political significance is precisely that the political aspect has ceased to overshadow the Polish debt problem and that economic conditions for its resolution have been created. Among other things, formal obstacles have been lifted to Poland's November 1981 request for restoring its IMF membership.

While various reservations may be voiced with regard to the particular settlement of the Polish debt problem, it can be expected that various other problems will arise in the future. Still, it is gratifying to see common sense and the spirit of compromise ultimately prevail, something the Polish side has been calling for all along, even in a truly difficult situation.

CSO: 2020/186

POLAND

RAW MATERIAL, ENERGY PROSPECTS

Warsaw ZYCIE WARSZAWY in Polish 9 Jul 85 p 3

[Article by Andrzej Zmuda: "It Is No Longer A Laughing Matter"]

[Text] The situation with regard to raw materials and energy both now and for the next few years is no longer a laughing matter. At first glance, the second of the three proposed variants of the 1986-90 plan is the most realistic. However, is this second variant an easy one? The three variants differ from each other in the projected growth rate of industrial production, investment and consumption, but in every case the planned results are, unfortunately, very modest--labor resources will only develop marginally and, what is most important, there will be no substantial improvement in the supply of raw and intermediary materials, fuels or energy.

You cannot get blood out of a stone; however, Polish reserves hold more than stones alone. The point is that Poland must use its raw materials and fuel resources more rationally, competently and economically.

The "variants" provide for a 16%, 18.5% or 20.5% growth in industrial output by the year 1990, depending on the selected model of effectiveness, rate of investment, etc.

In every case, however, we can expect an average 10% increase in supplies of local raw materials and fuels. The 10% index is the average one--in some groups the situation will be different.

There will be barely 2% more hard coal, although the supply of lignite will increase by 40%, with the supplies of engine fuel increasing by a mere 0.4% (what will happen to the fuel for cars?). In 1990, Poland can expect as much aluminum, polyethylene and sulphur as in the current year. There will be barely 3% more steel piping, over 13% more cables, nearly 6% more sheet zinc and 4% more cement (let us compare these figures with those for the animatedly discussed housing program).

The End of Simple Reserves

There are many similar raw material "gaps" and we must not be misled by the 10% national average increase in supplies. Only the situation regarding the

food market is promising, providing, of course, that the crops satisfy the planners. It is expected that the procurement of grain will increase by over 32%, that of fatstock by over 21%, production of vegetable oils will grow by more than one-third, but that of butter by only slightly over 8%.

All this applies to the production of local raw materials and fuels, which covers about 80% of the economy's needs. The rest must be imported. Fortunately, a greater part of those imports will come from the rouble-accepting countries, above all from the Soviet Union. Fortunately, these countries sell their raw materials to us at stable prices and, frequently, on easy credit.

However, socialist countries also have their problems with raw materials and energy. In the years to come Poland will import more natural gas and electricity from these countries, yet, it does not look as if we will import significantly more crude oil or cotton than at present. That is why the Comecon programs for the development of the material resources and for the modernization of production equipment are so important.

Imports from capitalist countries are far more complicated and uncertain. It is generally known that in the years 1980-84, imports of material procurements from these countries declined by as much as 34%, due to Poland's hard currency shortage, American restrictions etc.

All the same, many branches of industry cannot dispense with dollar imports. The variants of the next five-year plan anticipate that in 1990, these imports will increase by 13%, although this is in relation to a very low initial level. All the same, this will take place on condition that Poland normalizes its relations with the West, that it meets the planned export target and that it is not compelled to increase its imports of grain and fodder.

All in all, Poland will be pressed for raw materials, supplies of which will increase by an average of 9%. If the second variant is accepted, over a half of the increase in industrial output will have to be obtained by lowering the consumption of raw materials and fuels.

Is this feasible at all, considering Poland has neither acquired any good experience nor can boast of any notable achievements in this respect during the past 40 years? Is the habit of rational production management unusual for Poles? Poland also lacks the economic instruments powerful enough to induce consistent improvement of the management effectiveness. The economic reform cannot boast of any positive results in this respect, either.

The results achieved in the years 1983 and 1984 are optimistic. Nearly a half of the growth and production was achieved by lowering the consumption of materials and energy. All the same, the distance between Poland's current results and those obtained in 1978, when Poland was anyway far behind the countries using resources rationally, is considerable.

According to the experts, Poland achieved its recent results by using the simple reserves that were near to hand and did not require any considerable effort. Yet, today Polish economy requires much more than that!

It's Going To Cost A Lot

The variants of the five-year plan give a long list of effective measures, involving modern technology, projects and designs. Hundreds of examples of cases where these can be applied can be given. Thus, the proper heat insulation of apartment blocks would not only protect the tenants against cold, but would also prevent the escape of heat, which should save thousands of tons of coal. Lighter and more resistant metal products can contribute to a more rational use of steel (it is another thing that I wrote critically about the situation in this respect as many as twenty years ago, and somehow not much has changed since).

Or take the diesalization of the motor transport in Poland--it is the best method of using crude oil more effectively. The aim of the Zeran negotiations on a license to manufacture a new car is that it will be less "steel-intensive" and will contain an engine using less fuel.

Needless to say, all this is going to cost a lot. It requires investment in the appropriate machinery and in the factory itself. Expenses cannot be avoided. That is why the discussions on which investments will be more profitable in the next five-year period--the ones in production of fuel and energy or those in energy-saving systems are so crucial. I think that the country should invest in both, provided that investments are made sensibly and judiciously.

The "Variants of the 1986-90 National Socio-Economic Plan" quote a very eloquent example indicating that in order to save 2 million tons of TCE (ton-coal equivalent) in 2,000 enterprises, you must invest 55 billion zloty. All the same, this is more profitable than building a new mine or power station.

As regards the feasibility of a considerable reduction in the consumption of raw materials and fuel in the next five-year period, I am a reserved pessimist or, if you prefer, optimist. This in view of the fact that many technological and design endeavors must start from scratch, while reduction in the consumption [of raw materials and fuel] should bring immediate concrete results. Are the simple reserves already replenished?, as experts claim. I do not think so, considering, for example, the persistent mismanagement of waste and recycled materials. In this area, there is still much to be done. We should recall, for example, all the altercations about old paper or the procurement of bottles, not to mention tyre retreading, which is at long last being undertaken, and which has been done in the West for years.

Trash And Incentives

Last but not least, there is the problem of the quality of production. The quality of production constitutes an inexhaustible topic, which has often been discussed in ZYCIE WARSZAWY. After all, it is elementary to appreciate that a more durable and better product, using less energy, automatically reduces the quantitative demand for raw materials. This is the truth about which we, journalists, have been writing and speaking for very many years, however, with very little effect. Every year manufacturers themselves lose nearly

50 billion zloty due to the bad quality of their products. Customers lodge half a million complaints about the poor quality of products within a year! Certain specialists estimate the total losses due to bad quality at several hundred billion zloty! Therefore, it is here that the largest economic reserves lie.

It is striking that the enterprises which keep producing trash and misusing expensive raw materials, are not just deprived, for example, of their material allocations, and that these allocations are not then transferred to those plants that work well, but suffer from material shortages. Why is no use made of such a powerful instrument as the Government order, which was originally to be tendered to those enterprises which guarantee the best use of resources?

On the other hand, however, the central distribution of raw materials and fuel, unfortunately, does not favor allocating raw materials to the most effective producers. Although this remark is somewhat contradictory to the idea of Government orders just mentioned, increasingly you hear demands to switch to a method of supply which is in accord with the principles of economic reform. This, however, depends on an increase in the supply of raw materials and fuel, which may not happen. For example, at present, despite the bank's restrictions, it is not the distributors, but the users who have stocked the largest raw material reserves. Hoarding is still in fashion, although it is not only detrimental, but also decidedly costly to the economy.

There is much to be changed in the entire sphere of economic instruments when they are applied to materials management, from the expenditure quota, the organization of turnover, to economic incentives and disincentives. It is necessary that in investment and in Government orders priority be given to saving endeavors.

Also the problem of prices requires a settlement. The present policy of basing them on the so-called cost formula in some measure strengthens the "normalcy" of the traditional, more often than not, excessive use of raw materials and energy. But if the price were to be decided by the warranted cost plus a share of the profit? Who is going to bother to reduce the consumption of raw materials?

Although nearly 60% of enterprises abide by the so-called net standard as regards wages, this is not enough. Wages do not yet favor a rational consumption of raw materials and energy. People who have their share in materials saving, especially designers and engineers, to say nothing of those on production lines, should be very well paid.

The Polish economy has no choice. Whether we like it or not, industry must produce more goods from the same amount of raw materials or, it must improve the durability of raw materials and finished products and thus lessen the qualitative demand for them.

These are such evident truths that it is a shame to remind people of them for the umpteenth time. However, these truths need still to be learnt at home, in the kindergarten and in high school. And what is happening to the scrap paper,

old bread and the left-overs in our homes? More often than not these land up in garbage cans and on rubbish dumps.

And what about taking more care about the number of lights we use in our apartments?

Really, it is no longer a laughing matter.

CSO: 2020/186

POLAND

UN EXPERT VALUATES NORTH-SOUTH HIGHWAY PROJECT

Gdansk GLOS WYBRZEZA in Polish 5 Jul 85 p 3

[Interview with Jean Duquesne, head of transport department of the U.N. Economic Commission for Europe, by Wanda Burakowska; date and place unknown]

[Text] Jean Duquesne, head of the transport department of the U.N. Economic Commission for Europe (ECE), visited the Gdansk coastal area along with his wife on July 2-4. The main purpose of the U.N. representative's visit was to examine transportation problems in Poland, and in the Gdansk area in particular, as this region is an important element in the construction of the Trans-European North-South Motorway (TEM), which--constructed under U.N. auspices--is to join the Baltic with the Persian Gulf.

Jean Duquesne is a highly qualified expert on transportation. For many years now, he has worked for the U.N. towards improving international transport. GLOS WYBRZEZA asked Duquesne to comment on Poland's contribution in the work of the ECE transport department and his impressions from the Gdansk region, and here is his reply:

"This is my first time in Poland after 20 years, and I found many changes for the better. As for the roads, considerable progress can be noted. In recent years, the Polish Government had to freeze the main investment projects in the area of transportation, but I am glad to say that maintenance and modernization work continued. I was surprised and glad at learning that maintenance work is continuing on every kilometer in six of Polish roads. When driving along second class roads, many inconveniences occur, of course. All these roads should be broadened and straightened, but this problem occurs not only in Poland, but all over Europe. With car transport growing, drivers would like to see good roads all the way to their front door, but the construction of transportation routes is very costly.

"From the point of view of U.N. interests, we are satisfied with the Polish Government's decision to start work on that part of the North-South Motorway which will run across Poland. The Gdansk region is particularly important to the construction, as the place where the road will meet sea transportation routes. I visited the Gdansk North Port and the container terminal in Gdynia, and I was pleased to see how modern these are. Their technological level is a guarantee of proper services for future motorway users.

"I believe that the Gdansk-Sopot-Gdynia city complex--due to its role in Poland's economic life--deserves to have its transportation problems settled, which will happen once this section of the motorway is operational. The city complex is facing many problems, of course, and its dwellers are interested in making it as comfortable a place to live in as possible. Economists and engineers, however, must choose such targets that serve the common good. The motorway is such a target, as it will link the city complex conveniently with other parts of the country, and also play a significant role in improving economic life, especially trade.

"The U.N. ECE transport department deals with transportation in the broad sense of the term, starting with transportation routes and ending with traffic safety and normalization in the construction of vehicles. Poland's achievements in the area of roads are considerable. A U.N. bureau located in Warsaw coordinates the construction of the motorway in Europe. Many Polish experts are involved in work for this bureau.

Money is the main problem in the construction of the motorway. Ten states are participating in the project, and work in some of them is advanced. On the whole, 2,100 kilometers of the motorway have already been constructed, including the Czestochowa-Katowice section in Poland. Some 2,000 kilometers of roads are now under construction in various countries.

It is not enough, however, to build a modern motorway. Another--equally important--problem is to maintain its international character. Traffic on the motorway should be fast, so uniform regulations, customs posts, gas stations, etc. are needed. Poland has already approved the norm set. The motorway is designed to facilitate transport and improve international relations--such are the goals of our organization.

"Finally, I wish to stress that both my wife and myself were cordially received in Poland. We come from Northern France--a region which resembles the Gdansk coast geographically. We felt quite at home here also because of the strong Flemish influence visible. Our visit is official, but thanks to the Poles' cordial reception, it turned into a pleasant personal event. We feel among friends here, and we are surprised to see the dynamic growth of this region, and its work for the future."

CSO: 2020/186

POLAND

INVESTMENT PLAN CRITICIZED AS INADEQUATE

Warsaw SLOWO POWSZECHNE in Polish 9 Jul 85 pp 3, 4

[Article by Stefan Sokulski: "Does Polish Industry Face Ruin?"]

[Text] I have borrowed the title of the present article from the topic discussed by experts from the Planning Commission, the Ministry of Engineering and Metallurgy, the Ministry of Chemicals and Light Industry and by journalists interested in economics and construction.

You must admit that this is a very sensitive topic, because everywhere you hear about disinvestment and lack of resources to reproduce the productive potential. Nevertheless, you cannot answer the question above in just one sentence, because the problem is very complex.

Disinvestment in metallurgy and engineering is apparent. On the average, 40% of capital goods are amortized, and if you consider machinery and equipment, this average exceeds 60%. Needless to say, the degree of disinvestment differs from industry to industry. The situation of iron and steel metallurgy, coke engineering and the machine-tool industry is the most difficult. Disinvestment there goes as high as 70% and causes, among other things, a drop in their production.

Those industries for which special development programs have been prepared include metallurgy, electronics, shipbuilding, the motor, tractor, machine-tool, cable, bearing industries and foundry engineering. These are the strategic areas of the economy and it would be very difficult to select particular branches. Who knows, however, whether these will not be necessary in the face of limited resources and enormous needs?

The ministries think that money for the implementation of these programs can be scabbled about, above all, through leaving the depreciation fund to the enterprise, with the latter investing the money for replacing its stock. Also, a greater part of the enterprise profit should finance its development.

It is significant that in 1984, a mere 110 billion zloty was spent on investments and modernization as against the 3.2 trillion zloty value of the country's fixed assets, including the 1.45 trillion zloty value of machinery and equipment. This 110 billion zloty did not even provide for the replacement of

capital assets, nor for a simple reproduction. Therefore, you hear demands that in the next five-year period more ample resources be allocated to reconstruction and modernization. However, will the competent decision-makers listen to this demand for money? This is a crucial problem, because right now enterprises are even cutting back on repairs, deriving as much profit from their respective productive potential as they can, caring not a bit for their works' future. This short-sighted policy can prove destructive to the entire national economy.

The situation in the chemical and light industries is no better. Although disinvestment there in 1984 became less apparent, amortization of fixed assets in percentages was still very considerable. The situation is the worst in the linen industry, where little is being done, and in the plants producing fertilizers and pesticides, where, fortunately, they have begun to do something.

The Ministry of Chemicals and Light Industry has also prepared modernization programs, which, however, require considerable financial resources. They rightly say that light industry, as one working for the market, should be given an absolute priority in reproduction and modernization of its fixed assets. This statement, however, does not ensure them means to do so and just remains their wishful thinking.

The development fund is inappropriate, too little of the amortization fund is used, while credits do not cover the needs. Therefore, it is no wonder that at present repair spending (to the tune of 90 billion zloty) has already exceeded investment spendings (75 billion zloty) and that this disparity will keep growing, because the fixed assets are going to age further and repairs are the only remedy. Yet repairs cannot substitute for modernization. To enable the Ministry to carry out a normal investment policy, the inputs must double, i.e. amount to 150 billion zloty. Considering the country's present predicament, this is hardly realistic.

The words said by a representative of the Planning Commission were very characteristic. He said, namely, that were the present disinvestment tendency to persist during the next few years, the state of our economy would become drastic. It would be difficult to return to the pre-crisis standard of production, Poland's position in foreign trade would fall and it would be very difficult to increase the national income.

When looking for ways out of the present difficult situation, you should pay attention, among other things, to a better use of the existing fixed assets.

The analysis carried out recently confirmed the very limited use of machines, equipment and the entire productive potential in general. Industries usually work one shift only and there are even cases where the number of workers is not enough to man even one eight-hour shift. Poland boasts of having 85,000 multi-purpose machine-tools, yet not all of them can be operated, because of the manpower shortage. However, no factory will resell its idle machines. Factory people are crying that their stock is aging, but, at the same time, they have done nothing to protect their machines from "dust." I do not mean entire production lines, but just multi-purpose machines. Foundries use from

50% to 60% of their stock. In other mills the situation is similar, and yet all of them seek new machines and equipment. Can you wonder, then, that the director of the Jelcz Bus Factory imports casts from West Germany?

Recently much has been said about the necessity to abandon production of certain goods and to restructure the industry. Although under the present circumstances these moves are necessary, not much is being done toward this end. Everyone is doing his utmost to serve his own interests, while nobody is ready to give up economic activity. Representatives of various interest groups have been engaging themselves in all kinds of struggles and skirmishes, yet I think there was not much sense in televising a discussion on which is more important --production of tractors or cars? Such programs do nothing except irritate and antagonize people.

It seems that a concept of preferences given to the most important branches of the national economy should be formulated more precisely. Another problem stems from the fact that, until now, nothing has been known about the time and manner particular designs will be carried out. Although you hear about electronics, the machine tool industry and several other branches given priority, nothing concrete has been recorded. The only thing we know so far is that Poland will no longer produce motorcycles, because they have lost the competition with helicopters and, besides, they have no chance to compete with foreign manufacturers, such as Java, Honda, Yamaha and others.

Although Poles should be glad to learn about the already adopted modernization and development programs and those waiting for implementation, which can contribute to a higher standard of goods, improvement in working conditions, and in material- and energy-content of production, they must nevertheless remember that there were many imposing programs in the past, and the Polish economy is still in poor shape.

I think it crucial that a decision be made where to allocate Poland's meager resources, so that the best results are produced in terms of saleable and competitive goods. It is no achievement to have modern machine-tools and production lines, but is a much greater achievement to use them properly and effectively.

Respective modernization and reproduction proposals as put forward by particular industrial branches nearly double their potential. According to the Planning Commission's experts, the established needs can be covered by 30%-60%. Because of the well-known economic restrictions, not one ministry program will be fully implemented, while all of them have to be verified. It is too early yet to say how deep the cuts are going to be.

There are certain provisions that halt the disinvestment in industry; however, there are also certain conditions that determine the activity to this end, including the next five-year plan concerning housing, development of the energy complex, metallurgy, transport and other areas fundamental to the country's functioning. Everything seems to indicate that even the housing program will be curbed in order to save enough means to launch the necessary modernization of the entire economy.

The present draft plan of investments will have been widely discussed before it is approved by the Government. The plan will certainly provide for means to check the disinvestment in fixed assets, but it is difficult to foresee today whether they will suffice to finance all the relevant designs. One can only dream that these means will be as large as possible so that industry does not face ruin and that shops will be full of the newest products.

CSO: 2020/186

POLAND

PLANNING OFFICIAL ANSWERS ECONOMIST

Warsaw RZECZPOSPOLITA in Polish 27-28 Jul 85 p 3

[Text] Sir,

The ECONOMIST of July 13-19, 1985, published a brief anonymous note under what is apparently meant to be a funny title: "Thank You Comrade" [retranslated]. It is a reaction to an interview I gave the Government daily RZECZPOSPOLITA on May 9 this year.

That note takes roughly one-fourth of this London weekly's valuable page, and, just as the special section on the Council of Mutual Economic Assistance of April 20 this year, contains a number of errors, which I wish to point out briefly here. The ECONOMIST is worried that the contents of the special report on the Comecon may have "cut me to the quick" [retranslated]. That may have been the case if the otherwise prestigious ECONOMIST could be described as an unbiased journal. But probably nobody can doubt that, like many other journals appearing in the West, the ECONOMIST has to present biased information, assessments and views of "His Master's Voice"--that of the masters financing it--especially when writing about Poland or about the socialist community of nations.

In the note the editors also thank me for the interview which allegedly helped to spread information about the ECONOMIST's special report on the Comecon in Poland (and in other socialist countries). But it looks now that those purporting to be well-informed editors of that weekly don't care to know exactly what information or comments are published in the Polish media. Or maybe that's just an echo of the contemptuous attitude of the Britons who once "ruled the world"--"Negroes begin in Calais?"

The note in the ECONOMIST further insinuates that in the May 9 interview somebody allegedly came up with personal interpretations on the basis of the April special report concerning matters such as the structure of mutual trade among CMEA countries, the supposed indispensability of pushing trade with the West, the procedure of making investments, planning or other decisions inside the CMEA, and so on. That is just one piece of evidence to show that the authors of the July 19 note probably assume that nobody recalls any more what was said in the April 20 special report.

I quote from the recent note, "It is said that the ECONOMIST allegedly reported that investment decisions inside the CMEA are made by bureaucrats"

[retranslated]. This is what the relevant passage from the April 20 report says, "Briefly, coordination of plans means decisions made at the top and not initiative or enterprise at the grass roots." So, instead of the polite "You are welcome" [English in the original], in reply to that "Thank You Comrade" I have to use a paraphrase from the greenback--"IN THE ECONOMIST WE DO NOT TRUST" [English in the original].

Respectfully,

Stanislaw Dlugosz
Deputy Chairman,
Planning Commission

CSO: 2020/185

POLAND

ECONOMIC COUNCIL CRITIQUES PLAN VARIANT

Warsaw RZECZPOSPOLITA in Polish 3 Jul 85 pp 1,2

[Article by (kos)]

[Text] The acceptance of the Sejm resolution proposal by the Sejm Economic Planning, Budget, and Finance Committee, in which the deputies are proposing the development of NPSG [National Socioeconomic Plan] proposals for 1986-1990, and based upon the second variant, draws an important stage of the public discussion to a close. During the first stage of the consultations, opinions of the 5-year plan were presented, among others, by representative of the educational sector, public organizations, including the Consultative Economic Council.

Proposals and supplementary comments concerning the 5-year plan as well as another document concerning the functioning of the national economy in the near future were submitted during the council session on 2 July.

The council believes that it is still much too early for selecting of variants for allocating national income, and not before the following key issues are examined: distribution of capital expenditures, measures for improved technical development, and methods for increased output.

As was emphasized during the session, the council has substantial reservations with respect to the current concept of the distribution of capital expenditures. The plans do not take into account the system which would allow for the achievement of progress in the area of modernization and restructuring through capital investment.

Also to be examined is the dilemma of whether to carry out a policy of increased funds being diverted by the enterprises toward the budget and the development of a central investment program, or whether to give them greater autonomy in distribution to the enterprises.

In the opinion of the council members, very little of the NPSG idea was devoted to the noneconomic incentives which prompt the enterprises to reach for reserves. Too little is being said about the methods for coordinating enterprise plans with the central plan.

Specific decisions concerning the size of the plan should be accompanied, as noted, by work in the area of modernization of the economic mechanisms. The enterprises are impatiently awaiting the results of these activities. One must also take into consideration the current starting point of the 5-year plan, in view of the fact that its concepts were created under the premises of the successful accomplishment of this year's tasks.

12229

CSO: 2600/855

POLAND

OFFICIALS MEET WITH FOREIGN TRADE REPS

British, West Germans Assess Trade

Warsaw TRYBUNA LUDU in Polish 11 Jun 85 p 2

[Text] On the second day of the 57th MTP [Poznan International Fair], the minister of Foreign Trade, Tadeusz Nestorowicz, received a delegation from the KPER [Korean People's Democratic Republic] headed by that country's minister of Foreign Trade, Ch'oe Chong-kun. Economic and trade cooperation between Poland and the KPER was assessed favorably with particular attention being paid to its expansion in the future.

On the 10th of this month, Minister Nestorowicz conducted talks with the chairman of the British Foreign Trade Council, Lord Jellicoe. Particular attention was paid to matters of industrial cooperation, especially in the chemical, pharmaceutical, machine building, mining, aeronautical and electronics industries including, among other things, computers for the school system. In terms of the volume of trade turnover, Great Britain is Poland's second largest economic partner from among Western countries. The British side has assured us that it will undertake indispensable activity for the further intensification of mutual economic relations. The ambassador of Great Britain, J. Morgan, took part in the discussions.

During the meeting between Minister Nestorowicz with the deputy secretary general of the Federal Economic Chamber of Austria, Herbert Reiger, the favorable development of economic-trade relations between both countries was underscored with, among other things the significant increase of mutual trade turnover being noted in particular. The possibilities of the development of industrial cooperation with Austrian enterprises and among other things, the important development of mutual trade turnover were discussed.

Deputy Minister of Foreign Trade Antoni Karas met with the senator for economic matters from West Berlin, Elmar Pieroth. The state of trade turnover up to this point between Poland and the West Berlin market was assessed. Among other things, the significance of coal and agricultural food products in Polish exports to this market was stressed. The possibilities of increasing deliveries of these goods to West Berlin were discussed. The German side expressed interest in increasing construction-assembly services provided by Polish specialists. A. Karas also conducted talks with the president of the

West Berlin Industrial-Trade Chamber, H. Kramp, and with the secretary general of the said chamber, G. G. Braun.

During the visit of the Italian delegation to the 57th MTP, Deputy Minister Karas met with its leaders, the head of the Italian Foreign Trade Institute, Massimo Mancini. Satisfaction with favorably developing economic relations and the conviction that the recent talks between the prime ministers of Poland and Italy in Warsaw will become a new impulse for the dynamic development of this cooperation were expressed. In turn, in the discussion between the Italian guest and the chairman of PIHZ [Polish Chamber of Foreign Trade], Ryszard Karski, the need for greater differentiation of Polish exports to Italy was emphasized.

On that same day, the chairman of PIHZ greeted a delegation of economic circles from Koln and Lubeck led by Senator Dr Manfred Biermann and by the supreme mayor [nadburmistrz] of Koln, Karl-Heinz Luckhardt. Particular attention was paid to the issue of cooperation between small and average-sized enterprises.

In the discussion between R. Karski and the delegation of the GDR Chamber of Foreign Trade led by its chairman, Hans Lemnitzer, the issue of cooperation between both chambers [Polish and German] as well as cooperation on the forum of international economic organizations was raised.

Trade Talks in Poznan

Warsaw ZYCIE WARSZAWY in Polish 12 Jun 85 pp 1,4

[Text] On the 11th of this month, Lothar Spaeth, the prime minister of the national government of Baden-Wurttemberg, vice-chairman of CDU [Christian Democratic Union] and chairman of the West German Bundesrat visited Poznan while in Poland at the invitation of the minister of Foreign Affairs, Stefan Olszowski. The prime minister toured the Poznan International Fair and took part in the opening of the fair's "FRG Day". L. Spaeth talked with Deputy Premier Roman Malinowski and also met with the minister of foreign trade, Tadeusz Nestorowicz. He paid a visit to the governor of Poznan, Marian Krol.

During a meeting with Polish and foreign businessmen at the MTP, L. Spaeth emphasized that the West German exhibitors at the current MTP had informed him that a year ago it was still possible to find some available space in the FRG pavillion. However, currently, it is very full. "In the opinion of our exhibitors," stated L. Spaeth, "the animated improvement of the Polish economy is downright astonishing." "In discussions which I have had with representatives of Polish economic and political life," he added, "I was assured that everything possible will be done to put into effect the economic reform in Poland and to create a good climate for the development of cooperation between our countries' firms. This information is very important to use and we must draw proper conclusions from it. Cooperation in the areas of the economy and culture as well as meetings such as those in Poznan at the MTP constitute a very good foundation for the building of mutual trust."

"On 7 December, we will be celebrating the 15th anniversary of the agreement between the Polish People's Republic and the Federal Republic of Germany signed in Warsaw," stated L. Spaeth. "This is an important occasion to reassure each other that on the basis of this agreement, we want to expand and intensify mutual relations. At the same time, we must bear in mind that we are dealing with a very delicate membrane which has been weighed down by what has happened in the past. However, when there is goodwill on both sides, then this delicate membrane can transform itself into a solid network whose solid thread should be the economy. Governments can enter into agreements and pacts but their content depends, above all, on business and industrial firms. That is why, it is my wish that the current fair and its pervading atmosphere be conducive to the strengthening of further economic contacts which will have an influence on the state of our political relations."

During the meeting, the ambassador of the FRG to Poland, Franz Pfeffer, who accompanied the chairman of the Bundesrat also gave a speech noting, among other things, that the trade turnover between the Polish People's Republic and the FRG has again attained a level prior to 1981. "By comparison with us, Poland has been achieving a marked surplus for the past 2 years in the balance of trade," he added. The speaker also emphasized that both sides have agreed to new negotiations on the issue of entering into a separate agreement on scientific and technical cooperation. The ambassador also stated that the federal government sees the possibility of activating anew a ceiling of guarantees for trade transactions with Poland under specific and separately agreed upon conditions.

Lothar Spaeth's Press Conference

On Tuesday, the 11th of this month during the late afternoon hours, Lothar Spaeth met with Polish and foreign journalists at the Warsaw INTERPRESS Center. He stated that the purpose of his visit to Poland was the exchange of views on key international issues with particular consideration being given to relations between Poland and the FRG and the party which he represents--the CDU. "The discussions that I had in this country [Poland] which took place in an open, friendly atmosphere despite existing differences of opinion on many issues, served this end," he stressed.

Concentrating on bilateral Polish-West German relations, Lothar Spaeth turned his attention, above all, to the possibility of developing economic cooperation. He also perceived this possibility in the positive trends which have occurred in this area during the last 2 years as well as in the bilateral readiness to expand economic contacts and in the opportunities for developing cooperative relations, particularly between average-sized enterprises. According to L. Spaeth, "There also exist positive prospects for the development of scientific-technical and cultural cooperation and cooperation in the field of environmental protection."

In answering numerous questions posed by the journalists, Lothar Spaeth agreed that for the further development of relations between Poland and the FRG, a favorable political climate is indispensable. He assured that both his party

and the government of Chancellor Kohl wish to build these relations on the basis of the agreement entered into by both countries in December of 1970. "The Federal Republic," stressed Lothar Spaeth, "is not bringing in any claims against Poland and will not contribute in any way to the increase of threat in Europe."

Trade with Iran Probed

Warsaw TRYBUNA LUDU in Polish 17 Jun 85 p 2

[Text] On the 15 of this month, Minister of Foreign Trade Tadeusz Nestorowicz met with the economic delegation from Iran headed by Deputy Minister of Trade Komeh Khoshe to the 57th Poznan International Fair. During the course of discussions, the problems of increasing Polish exports to Iran, particularly capital investment goods, and the importing of petroleum and processed goods were raised. The Iranian delegation expressed interest in significantly expanding the commodity structure of turnover.

On that same day, an economic delegation from the Kingdom of Thailand headed by the director of the Ministry of Trade, Phairojan Jayphorn, visited the MTP. The guests toured the Polish trade exhibit and held discussions with T. Nestorowicz.

Ryszard Karski, the chairman of PIHZ [Polish Chamber of Foreign Trade], received at the MTP, Bernard de Gaulle, the chairman of the French-Polish Committee affiliated with the National Council of French Employers. A review of relations between Polish and French enterprises was conducted whereby it was pointed out that in recent years they have not been developing in proportion to the possibilities. This is influenced by, among other things, the lack of settlements on financial issues. The potential for the development of trade exchange lies also in the area of cooperation and in the rebuilding of cooperation in nonproductive industries. R. Karski also received Arnold H. Lang, the director of the Norwegian Export Council. It was agreed upon that the PIHZ together with the Norwegian Export Council will work for broader and closer cooperation between Polish and Norwegian enterprises.

9853
CSO: 2600/839

POLAND

GEOLOGISTS COMPLAIN MINISTERS IGNORE INPUT ON MINERAL RESOURCES

Warsaw ZYCIE GOSPODARCZE in Polish No 27, 7 Jul 85 p 4

[Article by Doctor of Engineering Jan Kostecki: "The Guests Failed to Come"]

[Text] I would like to make a few comments on the report in issue 24/85 of ZYCIE GOSPODARCZE with regard to the National Geological Conference which took place on 4 and 5 June.

The conference was organized by the Association of Mining Engineers and Technicians, the Polish Geological Society and the Central Geological Agency. The aim of this conference was the presentation of the geologists' achievements in the exploration and documentation of mineral resource reserves. The organizers wanted to show the heads of the economic ministries and other agencies, primarily all the economists, the country's capacity to meet the requirements of the national economy with national mineral resources and to avoid reliance on imported resources. The list of imported mineral resources is too long and not altogether justified, inasmuch as it has been affirmed and recognized that our national resources are very similar to the imports.

The geologists wanted to encourage their dignified guests to ponder how, when and for what the mobilization to utilize and process national riches can be undertaken. Unfortunately, despite the non-attendance of invited guests, particularly the heads of the Committee for Affairs of Scientific and Technical Progress, the Office for Issues of Scientific-Technical Progress and Application, the Ministry of Metallurgy and Machine Building, the Office of Material Management, the Ministry of the Construction and Building Materials Industry, the Ministry of the Chemical and Non-Ferrous Industry, the Planning Commission and the Polish Economic Association, more than 300 geological specialists came to serve as various consultants. Even among these specialists themselves, opinions were exchanged during the two days of the conference on the difficulties in conducting research projects and the overburdening of files with geological reports of mineral resource reserves, and the like, not utilized by the Polish economy.

Perhaps, despite the previous agreements between the conference organizers and the heads of the mentioned agencies and other institutions, June 4 and 5 may have been particularly busy for these people because of other commitments and considerations. What is surprising, however, is that not everyone came to

just such a conference with geologists who were eager to present the opportunities to restrict or eliminate the import of mineral resources and materials of mineral by-products. Even a few years ago, things were totally otherwise. Representatives from the various and important agencies and ministries would meet with the geologists. Decisions were made at these meetings with regard to the construction of sulphur, copper and cement associations and the construction of pit-coal collieries for peat in the Rybnicki Coal District and the Lublin Coal Fields.

I will not cite the particular suggestions regarding the disregard of economic research results by the department and ministry heads. If Poland, however, continues to import many mineral resources, then why not try to develop a project to administer national mineral deposits? Perhaps this could be recommended to research institutes or academic institutions. These projects should also be themes for Masters degrees and Doctorates.

Time is pressing! The needs are the same as are the opportunities to satisfy them with national assets. Imports cannot be a permanent solution, especially when there is a lack of hard currency.

12247

CSO: 2600/874

POLAND

AUTO INDUSTRY EXPORTS UP

Warsaw RZECZPOSPOLITA in Polish 29 Jul 85 p 5

[Text] Poland's automotive industry seems to be heading for better days. Cooperation with foreign companies is the best evidence of this. Within the last seven months Poland has signed three major car sale deals with China. The Italian Fiat company has granted a loan for a face-lift of the Polish Fiat 126p and has obliged itself to go on buying this small car from Poland. Representatives of car companies from different countries have been visiting Poland.

Why this sudden boom? The question was addressed by the Polish news agency PAP to Andrzej Wladyka, chief manager of the automotive import-export company Polmot. Here is Wladyka's reply:

The Polish economy's stabilization has undoubtedly been a factor in this. But the automotive industry's own consistent work in recent years to modernize some of the vehicles it produces has also played a part. Buses made in Jelcz and Sanok and trucks from Starachowice and Jelcz have all been made more modern and more economical. The Warsaw car factory FSO has done a lot to improve the quality of its Polonez. The 126p is a more attractive car now. Overall, foreign partners are now showing more interest in our products.

It can be said that our situation now isn't so bad. Exports of passenger cars have been going up. Last year, for instance, Western European countries bought nearly 13,000 FSO-1500 and Polonez cars, and orders for this year amount to 15,000 units. These cars are now selling better than before in the UK, Denmark, Belgium, and Finland. In addition, we have sold 14,000 cars to China for this year and an extra 1,500 Polonez a few days ago.

Demand for the Fiat 126p is also growing abroad. Exports of this model are planned to reach a level of some Zl 11.3 billion. In the first half of this year we supplied nearly 37,000 Fiat 126p units to foreign buyers, mostly in the West. The FSM factory, which makes this model, is now looking confidently into the future in the wake of the recent deal signed with the Italian Fiat. You will recall the Italians have granted a 50 million dollar loan for supplying FSM with new machinery and for starting production of a new version of the Fiat 126p--the 126 Restyling. First units of this new model, which will be sold primarily abroad, will roll off the line on March 31, 1987. The Fiat

loan will partly make it possible to start a new FSM model in the 1990s, which is at present being designed by the Italians. The successor of the Fiat 126p, which is provisionally called Xl-72, is to be produced at FSM alone.

Growing exports of buses and trucks are of importance for Poland's automotive industry. China is the main partner in this respect. As will be recalled, early this year we signed a deal with the Chines for the sale of 5,000 Star-200 trucks and 1,020 Jelcz-325DH trucks. We also undertook to supply them with 250 Autosan H9-20 buses. This month we signed a new contract for supplying 200 tourist coaches from Jelcz and 100 long-distance coaches from Sanok. An extra 1,200 Jelcz and Starachowice trucks will also be supplied.

Trucks are also sold to Yugoslavia. By virtue of a recent contract we will supply the Yugoslavs with 1,200 trucks in the next five years in return for Yugoslav Ikarus buses, which, incidentally, are supplied with engines made in the Polish factory Mielec.

With a view to expanding our trade we are conducting talks with many countries. The Autosan buses may soon be seen cruising roads in Egypt, for example. Just what scale of effects are involved can be seen from the fact that in just year exports of automotive products for hard currencies alone will reach a value of Zl 100 billion. This is significantly more than that of 1984.

We could do even better if we were able to supply large numbers of delivery vans, for which there is great demand in the world. But we can't offer our obsolescent and very gas-guzzling Zuk or Nysa vans. We've got to wait (hopefully, not too long) for the production of new models of our delivery van prototypes, which have been ready for a couple of years now.

CSO: 2020/185

POLAND

BRIEFS

POLISH-FINNISH TRADE--Helsinki (PAP)--A special session has ended here of the Polish-Finnish joint commission which was created by agreement for the removal of obstacles to mutual trade development. The Polish delegation was headed by Foreign Trade Minister Tadeusz Nestorowicz; his Finnish counterpart, Jermu Laine, led the Finnish delegation. Following a review of the present status of mutual trade, the Polish side said this trade has been growing in recent years, undoubtedly owing to the bilateral trade agreement. The two sides exchanged views on possible cooperation in such industries as pulp and paper production, food processing, building materials production, and energy-saving proposals. [Text] [Warsaw TRYBUNA LUDU in Polish 29 Jul 85 p 7]

BARCIKOWSKI CHAIRS ECONOMIC MEETING--PZPR Politburo member Kazimierz Barcikowski chaired a 15 July conference of party voivodship committee economic secretaries and factory committee first secretaries on the economic results achieved in the first half of 1985 and consequent tasks for the party. [Excerpt] [Warsaw TRYBUNA LUDU in Polish 16 Jul 85 p 2 AU]

MICHALEK CHAIRS ECONOMIC MEETING--On 9 July there was a meeting, chaired by PZPR CC Secretary Zbigniew Michalek, to establish ways and deadlines for implementing the decisions of the 19 June joint PZPR Politburo and ZSL Supreme Committee session concerning material incentives for the further development of agriculture and the food industry. [Excerpt] [Warsaw TRYBUNA LUDU in Polish 10 Jul 85 p 5 AU]

CSO: 2020/183

ROMANIA

ROLE OF COAL AS ENERGY BASE OF COUNTRY

Prospects for Future Reserves

Bucharest STIINTA SI TEHNICA in Romanian June 85 pp 6-7

[Article by A. Hinculov, Minister of Geology: "Reserves for the Future"]

[Text] More than 95 percent of the world consumption of primary energy, which has doubled over the last 20 years, has been represented by mineral fuels, among which petroleum and gas hold first place. A similar situation was encountered in Romania in 1970, when the percentage of mineral fuel sources exceeded 95 percent of the total primary energy consumed.

The constant efforts of our party and state to ensure a balanced primary energy consumption structure based to the greatest extent possible on tapping the domestic energy potential have been given concrete expression in the drawing up, under the direct guidance of Comrade Nicolae Ceausescu, of the research and development program in the field of power engineering over the 1981-1990 period and the principal guidelines to the year 2000, the chief aim of which is to ensure energy independence as an integral element of the economic independence of Romania.

As elsewhere in the world, petroleum and coal have undergone periods of decline and glory in Romania in the development of power engineering. At about the same time that petroleum was discovered in Romania (1840), in the Prahova Valley area of Banat, the first reserves of superior coal (anthracite) were discovered at Anina. Later, in 1870, mining of the superior coal in the Jiu valley began; for many years this coal was the main fuel in railroad transportation. As the needs for coal grew, new mines were gradually opened, ones generally situated in areas where the coal seams occurred on the surface (outcrops).

Not until the people's democratic regime was installed in Romania did organized geological activity begin. Over the 1950-1960 period research work was done to evaluate coal reserves, chiefly in the known mining basins. Systematic geological exploration of the lignites in Oltenia also dates from this period. Romania was one of the first countries to consider the question of using them. The geological activities conducted over this period of more than 30 years, in the form both of geological surface prospecting and of drilling and mining operations, have led to the discovery of a

usable energy equivalent potential of more than 1 billion tons of conventional fuel, about 70 percent of which is represented by lignite and brown coal and 8 percent by bituminous and carboniferous schists. The deposits of superior coal such as anthracite, a raw material for the manufacture of coke and semicoke, are situated in Romania especially in formations dating from the Jurassic and Paleogenic Ages, and brown coal and lignite, the chief solid fuel resources, in formations dating from the Upper Miocene and Upper Pliocene. The area of development of these coal-bearing formations is well known in the territory of Romania as a result of integrated interpretation of the data obtained from wells drilled for hydrocarbons and other useful mineral substances. However, despite the large volume of geological research carried out up to the present, knowledge of development of usable accumulations of coal, lignite in particular, is limited to the west and north of Oltenia, some areas of northern Muntenia, eastern and north-western Transylvania, central Moldavia, and Banat.

Correlation of all the geological data obtained has led to the conclusion that there is need for systematic, integrated investigation of the entire area of the country. A program for better utilization of mineral and primary energy raw materials has consequently been drawn up, under the direct guidance of Comrade Nicolae Ceausescu. This is a comprehensive program in which solid fuel, coal, and combustible schists play a prominent part.

The program calls for discovery of usable reserves of coal (anthracite, brown coal, and lignite) over the 1986-1990 period which will exceed net consumption, so that potential reserves at least equivalent to those available at the beginning of the five-year plan will be obtained by the end of 1990.

Another objective of the program is completion of geological and technological operations, as well as an increase in the degree of knowledge of reserves, so as to provide for production. This is a mandatory requirement in the evolution of Romanian geological research, one set also by the fact that the requirements relative to knowledge of the spatial location of reserves has increased as a result of the extension of mechanized working of deposits and the need to supply coal of better quality matching the deposit characteristics as closely as possible. In this context, mining research operations, surface and subsurface drilling, and hydrogeological research will be conducted in the areas in which deposits are worked, both for the anthracite deposits in the Jiu Valley and the lignite deposits in Muntenia and Transylvania. In the case of lignite workable in surface mines, the share of which in output is to increase to more than 60 percent, in accordance with the Directives of the 13th Congress of the PCR [Romanian Communist Party], drilling will be conducted opposite the excavation front for the sake of better control of the operation of complex equipment and to ensure output of relatively constant quality. Also to increase the share of reserves exploitable by strip mining, following re-examination of the geological and hydrogeological conditions, a large volume of work will be carried out in a number of areas in which working of sites is to begin over the 1987-1989 period on deposits previously considered unworkable.

The possibly workable potential of less thoroughly studied areas, evaluated at about 1.2 billion tons of conventional fuel, creates new prospects for

geological and technological research. But a feature of this potential is that it is to be found under more complex geological mining and hydrogeological conditions than the workable potential identified up to the present time. As a result of this specific characteristic, there will be an increase in the percentage of hydrogeological research and experimental drainage operations on the surface and underground, along with increase in the volume of geological work needed to gain knowledge of the deposit conditions. Preliminary scientific geological exploration and prospecting operations will have the aim of inventorying new areas with workable deposits, above all in energy-poor areas. Particular attention will be devoted in the future to research in areas in Oltenia, southern Muntenia, and Transylvania, and the research in northern Muntenia and western Banat will be extended. Intensive research involving surface drilling will be extended in areas in which favorable preconditions exist as regards discovery of coal deposits.

The inclusion of possibly workable resources in the economic cycle depends both on execution of geological work to locate these resources and especially on improvement in current operating technologies and development of new technologies. Consequently, establishment of the workable potential, account being taken of the difficult geological and hydrogeological conditions in which the coal seams are found in a number of areas, will be paralleled by the conduct of technological research to assess the possibility of gaining access to deposits and of exploiting the reserves.

New technologies have been developed for excavating mine shafts of large diameter by drilling, with the aid of Romanian-designed equipment. The first shafts sunk by means of this technology, under difficult geological conditions, at Borod (Bihor District), Mihaita (Dolj District), and Baraolt (Covasna District), have yielded good results. This method permits the sinking of mine shafts in an area in which it is necessary to drill through sands bearing water under pressure. The conventional excavation methods are inefficient in this situation or involve very long execution periods and high costs.

The difficult hydrogeological conditions due to the presence of sands bearing water under pressure have made it necessary to improve the methodology and technology of hydrogeological research. The results obtained will contribute to knowledge of the parameters of the water-bearing strata above and below the coal seams, so that efficient and economical drainage systems can be designed and produced to ensure normal conduct of the underground mining process. An important role in this activity will be played by transition to automatic data processing, computer-aided design of drainage systems, and testing of such systems under deposit conditions before they are applied on an industrial scale. To improve geological research, new geophysical research methodologies will be elaborated and applied in practice for recording the conditions of coal seams in detail. This will reduce the volume of exploratory geological drilling on the surface. Improvement in the provision of equipment for well logging and the writing of automatic data processing programs will permit reduction of the time required for completing well drilling and gradual abandonment of mechanical coring (which will be limited exclusively to wells in the preliminary

exploration stage). Curtailment of the research cycle will also be achieved by reducing to the minimum findings based on field samples, which will be replaced by quantitative determination of well logging data.

Conduct of geological research at a high level of quality under the 1986-1990 five-year plan will create the preconditions for virtual completion of the process of comprehensive investigation of the national potential for primary solid energy resources over the 1991-2000 period.

Training Workers for the Mines

Bucharest STIINTA SI TEHNICA in Romanian Jun 85 pp 7-8

[Article by Constantin Spataru: "Manpower Training"]

[Text] The means of vocational labor force training are provided by the state system of education (lyceums, vocational schools and qualification courses) which provides the younger generation with the knowledge and skills needed for engaging in the specific occupations of mining operations. The training of students in the basic trades specific to underground and strip mining operations (miner, machinery and equipment mechanic, and electrician), in ore dressing operations (coal and ore dresser), and in other trades needed in surface activities is conducted in the 31 school units in operation in the network of the ministry. These units are in general concentrated in the major mining basins of the Jiu Valley (at Petrosani, Lupeni, and Vulcan), Gorj (at Motru, Rovinari, Bilteni, and Pestisani), Maramures (at Baia Mare, Cavnic, Tirgu Lapus, and Baia Borsa), Suceava (at Gura Humorului, Vatra Dornei, and Iacoveni), the Apuseni Mountains (at Baia de Aries, Abrud, Zlatna, Criscior, Brad, and Deva), and in other mining basins such as Cimpulung-Muscel, Filipestii de Padure, Popesti (Bihor), Baraolt, Balan, Sarmasag, Anina, Moldova Noua, Cluj-Napoca, and Constanta. They train 40,000 to 45,000 students at lyceum levels 1 and 2 and in vocational schools. In view of the requirements imposed by development of production in the mining basins, especially in the sphere of coal mining, proposals have been made to establish new lyceums at Berbesti (Vilcea), Mehedint, and Matasari (Gorj). Certain older school units will also be reorganized and developed: the lyceums at Cimpulung-Muscel, Sarmasag (Salaj), Baraolt (Covasna), Baia de Aries (Alba), and others. Personnel for the mining industry are also trained in school units in the networks of other ministries or people's councils, such as the industrial lyceums in the localities of Comanesti, Drobeta-Turnu-Severin, Horezu, and Darabani.

When they begin work in production, all lyceum and vocational school graduates receive material benefits and advantages specific to mining industry operations and especially to underground work, depending on the individual mining basin. It should be noted that, under the conditions established by legislation in force, persons who so desire may continue their training to become foremen or may take courses in higher education. This vast school network underlines the fact that operations in the mining industry are subject to high technical and vocational requirements. The time is long past when the trade of miner was pursued locally, with means of low complexity. The intensive development of the mining industry, in the context of

the progress of industry in general and the urgent need for providing the national economy with more domestically produced raw materials and energy resources, has led to pronounced mechanization of production processes by means of a very wide range of mining equipment adapted to the different conditions under which mineral deposits are worked, both underground and on the surface. In view of this situation, the trade of miner requires thorough theoretical and practical training in keeping with the technical progress made in the mining industry. The miner today must be capable of mastering and using the technological equipment with which mining units are outfitted. The high degree of mechanization of the main mining operations calls for high professional competence. To meet these needs, the Ministry of Mines and the units subordinate to it, as well as the teaching staffs of the school units, are exerting extensive efforts to ensure suitable student training to meet the current requirements of the mining industry. They are working constantly to provide the most modern educational resources for the reading halls, laboratories, practical instruction workshops, and classrooms of the industrial lyceums and vocational and foremen's schools. The majority of the school units have been outfitted with training mines provided with specific machinery and equipment, in operating condition, as well as measurement and control equipment, which permit engagement in practical activities under conditions resembling those prevailing in production. The training of manpower to make allowance for the increase in the degree of comprehensive mechanization of mining units and for the wider use of electronics and automation is also marked by the revision of educational plans and school curricula in cooperation with the Ministry of Education to ensure better electrical engineering, mechanical, and technological instruction of students in keeping with their future jobs. Among the measures to be applied starting with this school year, mention should be made of the administration of an annual practical examination to be graded on the basis of the standards set by the practical instruction curricula and differentiated teaching of the trade technology concepts for underground and surface mining, as a function of the specific features of mining in a given basin (coal, ores).

One aspect with positive implications in the specialized training of students is represented by the involvement of specialists (engineers, assistant engineers, and economists) of pertinent enterprises in the activity of technological and specialized training of students attending industrial lyceums. There has at the same time been a general shift to the administration of specialized and technological instruction, which activity accounts for 30 to 50 percent of the time allocated for training students. The vocational training of future workers is completed by a period of service as a probationer in the best work formations, on the basis of programs drawn up by the educational unit and the customer unit. It should be pointed out that only boys, who may be recruited in all districts of the country, will receive training in the trades specific to underground mining operations.

Another means of manpower training is represented by on-the-job qualification courses organized in the units and lasting 3 to 12 months, depending on the complexity of the trades. In 1984 alone, for example, qualification courses were completed by around 13,700 persons for the basic trades (miner, machine and equipment mechanic, dresser, and electrician).

Elevation of the professional level or acquisition of additional skills, as well as mastery of new methods and modern procedures in different fields, are accomplished by means of suitable forms of instruction (on-the-job specialization in or outside the unit). In 1984, 77,000 persons received advanced training in various forms, including about 65,000 laborers.

In the years to come, both training of the personnel needed by the mining industry and advanced training of existing labor personnel will be carried out, on the basis of the experience gained, in accordance with the development of the energy and raw materials base of the country, a critical requirement for the progress of the entire national economy.

Technical Progress in Mines

Bucharest STIINTA SI TEHNICA in Romanian June 85 pp 8-9

[Article by Gheorghe Giuclea: "Technical Progress in Coal Mines"]

[Text] Improvement in mining technologies, introduction of new technologies adapted to the increasingly difficult geological mining conditions of the deposits to be worked, and measures to increase the degree of mechanization and automation of production processes underground and on the surface represent the principal methods of reaching goals in the sphere of mining.

An important technology contributing to increase in production capacity is the method of open-pit mining involving integrated mechanization on production lines equipped with wheel-type high-capacity bucket conveyors, coal and sterile material conveyor belts, and machines for depositing sterile material in dumps. In view of the large volume of sterile material excavated and hauled in lignite mines (193 million cubic meters in 1985 and an estimated 450 million cubic meters in 1990), the programs drawn up have established measures for direct dumping of sterile material inside the mine in the space remaining after mining of the coal, so that hauling distances will be greatly reduced. To apply this technology, the mining units will be equipped with dumping machines having arms 120 to 170 meters long, as against the existing 90-meter arms. To increase the productivity of wheel-type excavators in lignite mines, diversification of the open-pit equipment manufactured in Romania has been accompanied by the elaboration of improvements on excavation and hauling production lines, so that sterile material excavation and hauling cycles may be separated to the greatest extent possible from those for coal.

The mechanized mining of coal underground from coal faces outfitted with mechanized complexes for cutting and loading the coal and supporting the faces reached the level of 11.5 million tons in 1984. The amount mined by this technology is expected to double by 1990. For this purpose, new types of mechanized complexes for mining of coal from long-frontage coal faces have been introduced into production or preparations are being made for their introduction. In addition to increasing labor productivity, these complexes permit better recovery of coal from a deposit. In recent years anthracite mines have been equipped with coal-face complexes with a cutting

height of up to 4.5 meters, as against the maximum of 3.1 meters for existing complexes, as well as "midget" complexes for working thin seams (0.8 to 2 meters). Preparations are also being made for the production of such complexes for lignite mines.

Perfection of the manufacture of complexes for working thin seams of lignite will permit introduction into the economic cycle of substantial reserves not currently being exploited because of the lack of suitable technologies. The extension of technologies involving integrated comprehensive mechanization, both in open pits and underground, has made it possible to achieve with them 72 percent of the production of coal mined in 1984, and as a result of the extension scheduled in the next five-year plan, it will be possible to achieve 83 percent of production in this way by 1990. This important development is possible exclusively as a result of consistent application of party policy and the personal guidelines issued by the secretary general of the party, Comrade Nicolae Ceausescu, relative to pronounced increase in the mechanization of underground and open-pit mines on the basis of a broad program for outfitting these mines with technologically advanced equipment. It must also be pointed out that the main items of technological equipment for both open-pit and underground mines are manufactured in Romania, through the efforts of the machinebuilding industry.

Preparations are also in progress for manufacture of wheel-type excavators (two models), dumping machines (three models), coal-face mechanization complexes (eight models), high-capacity conveyor belts, conveyor belts with heavy scrapers, bucket excavators with a capacity of 2.5 to 8 cubic meters, 50-ton to 100-ton dumptrucks, bulldozers with a power of up to 50 horsepower, etc. All these items of equipment have been designed to be as closely adapted as possible to the specific conditions existing in Romania.

Another important category of mining operations, to which particular attention has been devoted for the purpose of mechanizing excavation and support technology, is that of opening up and preparing mines and future working faces. For this purpose, complex assemblies have been developed in recent years on the basis of original research for digging plus temporary and permanent supporting of galleries with prefabricated reinforced concrete panels, for both anthracite and lignite mines, along with the solutions of mechanized cutting and loading by means of gallery cutting combines or mechanized installation of gallery cutting supports. At the present time, more than 30 percent of the volume of operations in anthracite mines and 60 percent in lignite mines is accomplished by mechanized excavation of galleries with cutting combines.

In view of the development of mining technologies, there is a new trend in hauling systems in the direction of reducing hauling by motor vehicles. In addition to the solutions currently applied, such as hauling by railroad, conveyor belts, and telfer lines, hydraulic or air suction removal by pipeline is also being studied and applied. Along with the conveying equipment which has by now become standard underground (scraper and belt conveyors, trains of cars pulled by electric or diesel locomotives), the solution involving suspended equipment of the monorail type is now being extended.

Since in the years to come it will be possible to complete mechanization of the main technological processes, some of these processes are already being automated and integrated automation and robotization programs are now being worked out.

6115

CSO: 2700/178

YUGOSLAVIA

ASSOCIATED LABOR DISCUSSED IN FEDERAL COUNCIL FOR SOCIAL ORDER

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 8 Jul 85 pp 22-25

[Interview with Vinko Kastelic, group chairman in the Federal Council for the Social System, by Mijat Lakicevic: "What Is an Economic Entity"; date and place not specified]

[Text] Associated labor, that is, the worker, is one of the central categories of not only our economic system, but also the entire sociopolitical system. It is no wonder, then, that the debate concerning associated labor, the economic entity, and so on, is often quickly and easily politicized. At the same time it is quite understandable that self-management decisionmaking within organizations of associated labor has been an integral part of the debate concerning the political system in the Federal Council for the Social System. It is precisely in that area that several radical proposals have been made, as we reported in good time (EKONOMSKA POLITIKA, No 1725). Our staff writer Mijat Lakicevic spoke about their fate and in general about the self-managed organization of associated labor and the system (economic and political) which is its environment with Vinko Kastelic, head of the group within the council that is concerned with those problems.

EKONOMSKA POLITIKA: It is 2 months now since the debate on the political system ended in the Federal Council and since a separate commission began to draft the final document of the analysis. It was said at the time that the commission would complete its work by the end of May or early June at the latest, but here July has already begun, and there has been no news at all.

Vinko Kastelic: Here is the way things stand. The first working version of the final document of the analysis of the political system is completed, and discussion of it in the republic councils was supposed to be completed by the end of last month. It is expected that at the beginning of this month the Vrhovec Commission could do the editing of the final document and it would then go to the broadest public debate.

EKONOMSKA POLITIKA: Can you tell us where the main problems and disagreements are among the members of the commission, since it is probably not tardy because of any formal reasons?

Kastelic: The main problems still concern whether the present normative system is good as a whole or not, and second, what is the role of the subjective forces, above all the sociopolitical organizations, in implementing the present system. Those dilemmas, I will give just one example, crop up in practice concerning the chambers of associated labor. There is general agreement that greater importance should be given to the chambers of associated labor in assemblies of sociopolitical communities, above all as chambers which take efficiency into account from the economic standpoint, from the standpoint of the conduct of economic activity.

EKONOMSKA POLITIKA: Does that mean that the problem has to do with seeking institution of the chamber of associated labor as a third chamber in the Federal Assembly?

Kastelic: Yes, one of the dilemmas is in fact whether to incorporate a chamber of associated labor in the Federal Assembly.

EKONOMSKA POLITIKA: What do you think about that problem?

Kastelic: I think that this dilemma has been a bit forced because certain other issues ought to be cleared up first. At a certain level of development of the productive forces only certain production relations are possible. At the present level, not only our own, but also the world level, in economic and social life in general, the rules of economic behavior have to be respected. A price is a price, a commodity is a commodity, money is money--those facts have to be acknowledged, and this self-management decisionmaking of the workers concerning the surplus value of labor has to be built on them, of course. But we cannot create any mechanisms which do not yield economic benefits, since the progress of society and the construction of socialism are possible only on the basis of the largest possible social wealth. Our ideology, however, is still burdened with a kind of vision of socialism and communism in the sense that it is possible to create material goods and larger social wealth while bypassing economic laws. Crudely stated, this is the idea that socialism should in and of itself afford higher personal incomes, a higher standard of living, that that is the duty of socialism. Reality, however, has demonstrated that the failure to respect economic laws is very costly indeed. In 1974 we adopted the most democratic constitution in the world, and then the Law on Associated Labor, all of this in order to prevent the power of the technocracy and the bureaucracy over associated labor. Unfortunately, something quite different happened in reality--the power over the entirety of relations in social reproduction was not taken over by the economy and the workers, but by more narrow structures, both formal and informal. Let us look at what happened. We were taking credits, we were inventing new factories, new investment projects, and all of this was nearly confirmed as a formality by the workers' councils and the assemblies of sociopolitical communities. The analyses quite definitely show that as a rule all those investment projects where the factories themselves made the investment were productive, while the immense majority of investment projects of sociopolitical communities are now a great problem: from Lendava, including Obrovac and FENI, to Medijana, the sugar mill, and so on. That is one element. Second, let us say, the concept of the commune in our system. It is organized above all as a social community

of people in a particular region, not as an economic community, in other words, our system of taxes, contributions, and so on, operates in such a way that it is in the interest of a particular commune to have the largest possible labor force, since then the contributions for administration, the schools, the health service, and so on, are also larger. If our aim is to make enterprises as productive as possible, with the largest possible generation of capital and the smallest possible labor force, it could not survive in our system.

EKONOMSKA POLITIKA: Especially not to invest in other regions.

Kastelic: The problem does not consist only of localistic behavior and the localism of various opstina presidents and others, but it is above all a problem of the entire economic system. That is, we need to facilitate flexibility of social capital, we need to make it possible in the economy for capital to move from one place to another by economic logic.

At the same time, to continue the idea from a while back, the workers and citizens have to be given an opportunity to agree at broader levels concerning social policy and tax policy, and so on, so that to a certain extent they correct the injustices which the market brings with it.

EKONOMSKA POLITIKA: But that autarky and exclusiveness is only a consequence of certain basic premises of the economic and sociopolitical system.

Kastelic: It is above all a consequence of the economic instruments. The constitution postulated the principles of economic behavior quite clearly, but the legislation embodying the system and the instruments of economic policy are still expressing the idea that socialism should in and of itself guarantee and create a higher standard of living. The environment in which our work organizations operate has to be changed in the sense we have spoken about. Yet this does not mean, to speak quite briefly, that we should do away with the government as an economic regulator in the most general sense. After all, our own government, as the government of the working people, should be an organized social mechanism for regulating the economy and should function as it does everywhere else in the world. It is not right for people to attack our government for functioning in that way. The government should function as an economic regulator, it should stimulate better productivity, better management of resources, and so on, just as every modern government is doing. But not so that our government functions in a repressive sense, pronouncing penalties, prohibitions, and so on, and then merely draining off too large a portion of income. That is inefficient, since if the set of economic instruments is not stimulative, repression will not help. Repression can eliminate only excesses, nothing more. But when the difference between the normative and the real is so great that excess has become the rule, there is no longer a solution in repression either. You cannot put all the factory directors in jail.

EKONOMSKA POLITIKA: If we might "drop down" a bit to the work organization, to what was the immediate topic of your working group. To what extent do the causes of the present problems and economic difficulties lie in the organization of the economy, that is, in the regulation of relations within the economic entity?

Kastelic: When in the years 1971, 1974 and 1976 the effort was made to organize the OOUR's [basic organization of associated labor], the intention was to make it possible for the workers to manage income at the lowest possible level, while at the same time respecting inevitable processes in the world and the processes of integration of labor and capital in our own country. The second idea was for the workers to take command of the spontaneity of the market, which is normal and necessary under the conditions of a market economy, within their own enterprises, regardless of whether they are large or small, especially in those larger ones, where they organized OOUR's. This means that although in a large factory they organized OOUR's, they were not to introduce purchase-sales relations between those OOUR's. However, I think that one of the mistakes of the Law on Associated Labor was precisely that it made it possible for purchase-sales relations to be created in our enterprises, especially that it introduced them where they had not been previously. What I mean to say is not that the OOUR's should not behave according to economic logic and the logic of the market, at the price of their labor, costs, and so on. But I do think that still purchase-sales relations should not be introduced into that community within the work organization. However, in many cases they were introduced in that the work organization was broken up as an independent economic entity on the market, as it had in fact been defined by the constitution. Second, as far as the legal status of economic entities on the market is concerned, legal science failed utterly, since it defined the OOUR in exactly the same legal terms as the enterprise had previously been defined. Except now the OOUR had become an enterprise in the legal sense, with certain opportunities to entrust certain affairs in commodity trade to the work organization.

The legislation embodying the system then took over that principle as well. For instance, to be quite specific, the Law on Prices requires that the workers in every OOUR have a regulation on prices. And now look at the situation in a work organization in which the OOUR's have a joint product; they do not have prices at all, but an agreement on joint revenues or income, and only the finished product which goes on the market has a price. What in this case does it mean for every OOUR to have its own regulation concerning prices? It means that those OOUR's which now have relations based on income sharing should enact a regulation on prices, which is stupidity. That breaks the enterprise up.

EKONOMSKA POLITIKA: But why couldn't some OOUR sell its product better outside its own work organization than within it, or export it, if that is in its interest? The fact that it has to sell its product within its own work organization means that it could be taken advantage of, since if all those later on in the vertical chain of reproduction are incapable of good performance, the one which is performing well could be ruined.

Kastelic: You are right there, but let us look at the consequences of that. Look at what is now happening with foreign exchange, with this scalping. We now have factories which have several OOUR's, and one of them is earning foreign exchange, and then in a self-management accord it scalped some other OOUR, that is, it sells dollars at 20, 30 or 40 percent above the official exchange rate. Why? When, say, those who are exporting utilize certain

advantages which are not exclusively something they have earned, or perhaps they have all invested in that OOUR which has the opportunity to sell on the foreign market.

Or something else again. In every modern production operation there is a basic product which brings in income, but the programs for other products are prepared, since it is well known that in 5 years the present production operation will be outdated. And now, there is the question of whether social capital should be broken up and confined to the individual OOUR's or whether they should earn on that product, and invest the capital generated in tomorrow's production. Should the work organization be allowed the flexibility of that capital or not, that is the question. I think that the work organization is a business entity on the market, and it should be left to the workers to settle those questions themselves, rather than for us in government regulations to define the OOUR as an enterprise. Here we are on the outside, do you see, defining the OOUR as an independent enterprise on the market. Let us be clear, the law does allow for OOUR's to drop out under certain conditions. That is a legal right, but so long as the community exists, within the factory, there is no right for you to sell to some third party unless they all agree that that is better.

EKONOMSKA POLITIKA: Do you think that the definition of the OOUR and the work organization is wrong in that it turned the organization of the economy upside down? And to go on, what has been the role here of the first campaign to institute the OOUR's and now the campaign in the opposite direction?

Kastelic: I think that both have had a share here. The Law on Associated Labor does afford an organization of the enterprise that is perfect in an economic sense, I use the term advisedly, not in the sense of the capital relation, but in the sense of an enterprise which is a business entity on the market, which operates on the domestic and foreign markets, and so on. There are work organizations which function quite well even in this kind of legal order, but only when the workers have taken advantage of the opportunity for community afforded by the law. But at the same time the law also makes it possible to cut the enterprise into small pieces. When a factory is at one location, then both solutions are possible depending on the particular circumstances. But when the enterprise has plants in several opstinas, then the matter is quite different, then there is no God to prevent the creation of OOUR's. Why is that so? Look at another example: Why do we not adopt joint revenues? Because we drain off income with contributions even in the separate phases of production. Yesterday, when in a factory there were no OOUR's and when there was only one accounting of income and one year-end statement, then the taxes and contributions were taken only once, as a rule from the manufacturer of the finished product. But now that we have accounting in every OOUR, taxes and contributions are collected in every phase of production. And when those OOUR's are in several opstinas, none is going to be so stupid as to permit joint revenues. My conclusion would be this: It is not for the government to be concerned in its regulations about the kind of relations which the OOUR's have within their own enterprise. That is the business of the workers. In fact, the essence is that we ought to develop the economic units further, as once was the case, and those economic units should be turned into basic

managerial units in which the workers would decide on the surplus value of labor, rather than for us to cut the economy up into pieces and to prevent it from organizing itself in a normal way.

EKONOMSKA POLITIKA: Fine, but wouldn't that problem of the organization of associated labor be better resolved merely by defining the economic entity, which then would be left to decide on its own how it was to be organized and what it was to be called--the complex organization of associated labor, work organization, the business community or something altogether different.

Kastelic: In the document we issued we tried to define in a bit more detail the terms management, disposition and use of social resources. Those terms exist even now in the constitution and in our legislation, but they have not been precisely defined. We defined management in the socioeconomic sense as decisionmaking concerning the surplus value of labor, concerning income, which inevitably is in the "competence" of the workers in OOUR's. This means that the OOUR is the basic socioeconomic entity, the basic cell of associated labor in which the workers manage the surplus value of labor. Second, we reserved the term "disposition of social resources" for the work organization, as the business entity on the market, as the enterprise which operates on the market. And third, as far as the use of resources is concerned, we know that this is always within the OOUR's, since the workers work with the fixed capital.

EKONOMSKA POLITIKA: And what is the relationship between the former and the latter?

Kastelic: The consequence of this kind of definition of management and disposition would be that we no longer have a single unified juridical person. Although we have different production relations, in legal science we still have not created a difference between the basic socioeconomic entity and the entity on the market. They are defined as one and the same thing in our law and legislation. But the distinction should be made. To put things in quite simple terms, this means that it is the business of the workers to organize themselves into OOUR's, to have management of the surplus value of labor at the lowest possible level, and as far as society is concerned, it makes no difference to a market economy how the enterprise is organized within, whether it has OOUR's or not. It operates on the market in legal affairs and commerce, as a work organization.

EKONOMSKA POLITIKA: To what extent can it be truly distinguished, how then will everyone's share in earnings be measured?

Kastelic: That is the problem of standards and norms, since when an agreement on joint revenues is prepared, there has to be agreement concerning the assigned standards of labor and costs, which means setting one's own production price. But you cannot go all the way to the internal price unless you calculate the costs of live labor, of costs, the cost of past labor, depreciation, and so on. Those are calculations in a market economy, and the price of labor enters into the calculation. In our country, however, it is still said that labor has no price, which is an illusion. When we accepted the market mode of economic activity, we also have to acknowledge the market, that is, the price

of manpower and the price of capital. But we want the first thing, but we do not want the second and third.

EKONOMSKA POLITIKA: The separate document proposes some change in the system of giro accounts, which is not actually altogether clear, and it actually resembles to some extent abolishing the giro accounts of OOUR's.

Kastelic: The recent change in the Law on Associated Labor afforded two solutions: the OOUR's might have a giro account, but it is also possible for the workers to agree in the accord on entry into association to form the work organization that they would have a joint giro account at the level of the work organization. In the separate document we proposed that there be another reassessment of the function of the giro accounts of the OOUR's, to see whether they are at all necessary or not, since it is our opinion that the giro account is the target of those outside the work organization which are taxing the income over and over again. That is the main problem, and I can present my personal opinion that the giro account of the OOUR should in fact be retained only in cases when this is economically expedient.

EKONOMSKA POLITIKA: The document, alluding to the stabilization program, called on the one hand for work organizations to be treated as independent and responsible economic entities, while on the other, when, say, it speaks about planning, investment or the organization of OOUR's, it envisages a number of prohibitions or obligations on the bodies of self-management and professional management--mandatory studies, a ban on establishing staff services within OOUR's, and so on. Are there not certain contradictions here after all?

Kastelic: Perhaps, but in our system there is already one fundamental contradiction which is manifested in the fact that OOUR's are on the one hand in a situation where they have to behave economically, that is, to create the largest possible income at the smallest possible cost, while on the other that same OOUR or the workers employed in it are social entities who want as much pay as possible for as little work as possible. In our country one way in which that contradiction should be resolved is by the workers themselves, and if they are to be able to do so, we first have to acknowledge that contradiction. In other words, this means having guarantees of good professional preparation of matters for decisions by the self-managers and then adopting the optimum decisions, which on the one hand will facilitate the further development, generation of capital, and the hiring of workers, prospects for the enterprise, and so on, while on the other it will afford adequate personal incomes, progress of the standard of living, and so on. I would like to say in that context that we must free ourselves of the ideological burden that in our system we have to get beyond the objective social division of labor. That is an illusion, since there are people in different professions. When it is laid down that the project study for an investment project should be professionally prepared from the technological and marketing standpoints, including the financial package, and so on, the question arises how the self-manager is to decide concerning those technical matters. How can he say whether some technology is good or not, whether some marketing experts have made a good study of the domestic and foreign market. The question is not that he is not educated enough, but lies in the objective division of labor, in the fact that workers

do different jobs and have differing knowledge. The solution, as in fact was stated in the document on adaptation of the economic system, is for the workers to decide concerning the results. Those who propose particular decisions should state that that decision will have such and such a result in terms of income, which then can be divided so much and so much for capital surplus, so much and so much for personal incomes, and so on. The decision on this should be made by the workers. I also think that that is the way of guaranteeing the independence of professional management structures; otherwise there is no responsibility.

EKONOMSKA POLITIKA: But if the work organization truly has the status of an economic entity, that is, if it is independent and responsible for the actions it takes, then the director and the staff services will necessarily take that into account and it will not occur to them to propose an investment project which will not increase income.

Kastelic: The point, then, is that the workers should be given the issues in a form prepared for decisionmaking so that they can see the effect of the investment projects and similar matters in terms of income, so that they can see the result in their salaries, in the generation of capital, and so on, and the workers would make the decisions in that way, rather than for us to bring those detailed studies up before the workers' council. In the document we merely meant to say that in the case of large investment decisions the opportunity should be created for the workers' council to call in specialized scientific institutions, since there are cases in enterprises when for someone on the workers' council to have doubts about the project study is immediately taken as an indication of his lack of confidence in that factory's professionals. Our intention was in fact to create a certain competition among experts, which is in fact why we have scientific and professional institutions.

EKONOMSKA POLITIKA: One of the basic problems of our economy and indeed of the society as a whole is the lack of competition.

Kastelic: I think that even under our conditions something like they have in the West should be created. You see, the owner of capital is not a specialist, and that is why he pays the specialists who work for him; if he is not satisfied, he looks elsewhere. We have a situation that is in some ways similar, and the workers should be in the same position toward their own managers or, stated in "our" language--their professional management structures.

However, the republic-provincial legislation is such that in most of the republics the workers do not have a majority on the commissions for hiring experts, although the intention of the Law on Associated Labor was quite the opposite. As a practical matter this has subverted the constitution and the Law on Associated Labor. I completely agree that sociopolitical communities should have an influence on the selection of directors, but not merely political influence, and that influence should not be by law. Which means, if the workers are convinced by arguments that an individual is not suitable as director in an open combat of opinions, rather than using laws to prevent the workers from having the last word in their own organizations of associated labor.

EKONOMSKA POLITIKA: This debate of the political system was in fact provoked by the fact that implementation of the stabilization program has not been making progress. There was an intention to see which forces those were in society, that is, which political factors, that were preventing almost every change. But it seems that this discussion of the political system has itself demonstrated large disagreements and has not yielded the results anticipated.

Kastelic: There has been resistance to change everywhere, in all structures. And it is normal that someone who for years has worked in a particular way does not want to change it, nor does he know how to work differently. It is not a question of chopping off heads, but of getting some fresh air in the leading positions in the economy and society. For instance, in connection with the issue of whether there should be a chamber of associated labor at the federal level, I am more interested in who would be sitting in that chamber, whatever it is called. It also is of more interest to me whether the federal government is truly federal, that is, whether a federal minister depends upon the confidence of Yugoslavia as a whole or the confidence of his own republic. A man works differently when he knows that he will not have a job when he goes back to his own republic than he does when he does not carry that burden.

At the same time I have to emphasize that self-management is possible only in a commodity economy. There is no self-management in the relations instituted by an administered economy. The logic here is quite simple--in the relations of a commodity economy every economic entity, under certain general conditions of economic policy, of course, has the freedom to make his own economic decisions. In an administered economy that does not exist, and when you do not make economic decisions, then you are not a self-manager.

EKONOMSKA POLITIKA: Do you have any news about how your document is faring in the commission which is doing the final text; have there been any disputes? Earlier, for instance, there were in fact quite a few fierce disputes over the giro accounts.

Kastelic: As you know, all the basic directions adopted in that document were adopted in the meeting of the Federal Social Council on 15 April. Second, I have now received the first version of the final document, and I can say that all the commitments contained in the separate document have been retained. The problem of the first version is that it is not yet consistent and all the problems do not yet have a balanced weight, since this final document has to embrace the content of all eight separate documents. I think that if the Vrhovec Commission does not agree on all the issues, they should be presented to the public as open questions, along with the arguments for and against, and then there would be a civilized professional and well-documented discussion of the best solutions. Particularly great attention should be paid to making the discussions civilized, since often we are inclined to exchange fire, to call names, and so on.

7045

CSO: 2800/389

YUGOSLAVIA

POLITICALLY APPOINTED MANAGERS CALLED 'FLAW' IN SELF-MANAGEMENT

[Editorial Report] In discussing the "inherent flaw" of self-management, in a two-part article in the 9 and 16 July 1985 issues of Zagreb DANAS, pages 17-19 and 27-28, respectively, Croatian social scientist Dr Dusan Bilandzic says it is generally known that managers and heads of enterprises (OURs) are politically appointed through informal channels; as a result, OURs will never become autonomous entities and workers will not be able to achieve self-management. "If the LC wants to develop self-management and build OURs as the subject of goods production, it must give the workers a decisive voice in electing the management level. Such a turn-around would produce big changes in worker and management behavior. Being interested in increased income, workers would seek the most capable managers, who would turn away from being obedient to politics and devote themselves more to business operation." This would also take away, he said, much of the power from professional party functionaries and others in the political structure. Other factors which must be resolved in regard to the dominance of politics over the economy are the burgeoning system of regulations and "illegal disposal of surplus labor" which further deprive workers of autonomous decisionmaking.

Bilandzic said that nothing has changed in the last 35 years in regard to self-management relations within OURs. It has almost never happened that a workers council has shown, through professional arguments, that some project (investment plan, modernization, reconstruction, etc.) was unacceptable or mistaken. There has hardly been a case when the workers council has changed the leadership of its OUR because of poor business results. "It is generally known that there are many cases of workers' accepting low incomes because of incapable management, many cases in which the same kind of production enterprises with the same technical resources, operating on the same market, with the same legal conditions of operation and the same qualification structure are producing very different incomes per worker and per invested funds, even as much as 100-percent differences, and that workers councils have done nothing to change this, including a change in management." This is the "flaw" that "our self-management political system has built into itself so that in almost 40 years of practice there has been

almost no possibility for cadre changes when management has produced poor results." Poor management, he pointed out, arises of course from the "governing [of OURs] by opstinas, the system, republics, and the federation, which...reduces dynamism, creativity, adaptability, general social effectiveness, but especially the self-management action of workers and delegates, making difficult the advancement of the most capable, while protecting the less capable and the incapable."

Self-management relations today, he said, are similar to those in the early 1950's when much of industrial technology was on the artisan level and the main specialist was the master workman. Then there was the vision or belief that through training and practice workers would become professional experts capable of discussing almost any specialized plan put forward by their business organs. Later, practice and the inexorable law of specialized and technical division of labor destroyed these illusions, forcing self-management organs to become a part of the management and executive structure and not develop into a revolutionary political and liberating force to humanize and socialize administration. Many self-management organs never achieved their identity or autonomy but became simply an adjunct of management.

"All studies have confirmed that decisions involving billions of dinars for development have passed almost without discussion at meetings of self-management organs" and that the main energies of members of self-management organs have been spent in discussions on personal income distribution, housing allocations, etc.

Acknowledging then that workers cannot be expected to understand or master specialized enterprise plans, technical-economic, investment, financial and other studies, he says self-management or the workers councils should, rather, make decisions on social values, they should understand the socioeconomic and sociopolitical implications contained in technical, financial, economic, and organizational decisions on certain problems, and they should develop a kind of negotiating situation between workers and management and between workers and the technical structure "as partners in building programs and production."

CSO: 2800/400

YUGOSLAVIA

CHANGES IN FOREIGN EXCHANGE ALLOCATION FOR 1985

[Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 34, 12 Jul 85 p 1063

[Excerpt] In the Decision on Foreign Exchange Allocation for Use by Organs of the Federation ... (SLUZBENI LIST SFRJ, No 5/85, 14/85, 26/85) in Item 1, paragraph 1, in the regulation under 1) the number 16,084,609,000 should be changed to 16,486,463,000.

In paragraph 2 the number 2,334,112,895 should be changed to 1,932,258,895.

The following changes should also be made under No 61 Tourist Association of Yugoslavia:

Noncommodity Payments:

official travel	464,000	
representative offices	390,967,000	
other payments	256,166,000	647,597,000

Total		647,597,000
-------	--	-------------

No 62 should be changed as follows:

No 62 Economic Chamber of Yugoslavia

Noncommodity payments:

official travel	10,403,000	
representative offices	47,939,000	
fairs and exhibits	160,858,000	
fee (for administrative costs)	2,210,000	
other payments	8,024,000	659,434,000

Commodity payments:		1,250,000
---------------------	--	-----------

Total		660,684,000
-------	--	-------------

CSO: 2800/400

END